Meeting No. 1,049

THE MINUTES OF THE BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

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August 19-20, 2009

Austin, Texas

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WEDNESDAY, AUGUST 19, 2009.--The members of the Board of Regents of The University of Texas System convened at 11:38 a.m. on Wednesday, August 19, 2009, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present
Chairman Huffines
Vice Chairman McHugh
Vice Chairman Foster
Regent Dannenbaum
Regent Gary
Regent Hicks
Regent Longoria
Regent Powell
Regent Stillwell
Regent Meijer, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the meeting to order.

RECESS TO EXECUTIVE SESSION.--At 11:39 a.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 1:38 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

1a. U. T. Permian Basin: Approval of a negotiated gift with a potential naming feature

Vice Chairman Foster moved that the Board of Regents authorize President Watts and Vice Chancellor Safady to conclude negotiations concerning a gift to benefit The University of Texas of the Permian Basin with a potential naming feature consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Hicks and carried unanimously.

1b. U. T. Health Science Center – Houston: Discussion and appropriate action regarding a proposed negotiated gift with potential naming features

No action was taken on this item.

1c. U. T. M. D. Anderson Cancer Center: Approval of a negotiated gift with a potential naming feature

Regent Longoria moved that President Mendelsohn and Vice Chancellor Safady be authorized to conclude negotiations concerning a gift to benefit The University of Texas M. D. Anderson Cancer Center with a potential naming feature consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Stillwell and carried without objection.

2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

2b. U. T. System Board of Regents: Legal issues related to employment matters at U. T. System institutions

No action was taken on this item.

2c. U. T. System Board of Regents: Legal issues related to the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement and real property lease

No action was taken on this item.

3a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees

No action was taken on this item.

3b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2010

Action on the personnel aspects of the Fiscal Year 2010 Operating Budget was deferred for consideration at the Board meeting on Thursday, August 20, and was approved at that time (see Item 5 on Page 18).

AGENDA ITEMS

1. U. T. System Board of Regents: Announcement of recipients for the Regents' Outstanding Teaching Awards and remarks by representative faculty

On August 14, 2008, the Board of Regents established the Regents' Outstanding Teaching Awards, which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner, and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized. The Board allocated $2 million per annum for five years, beginning Fiscal Year 2009, for teaching awards, allocating $1 million per year for the awards at The University of Texas at Austin and another $1 million per year for the other University of Texas System academic institutions.

Program details for the awards were approved by the Board of Regents on November 13, 2008, and involve one-time payments to individual faculty ranging from 20 awards of $30,000 each for tenured faculty, nine awards of $25,000 each for tenure-track faculty upon receiving tenure, and nine awards of $15,000 each for contingent faculty (including adjuncts, lecturers, and instructional assistants).

Chairman Huffines made the following remarks concerning the Regents' Outstanding Teaching Awards.

Remarks by Chairman Huffines

> Before I call on Chancellor Cigarroa, let me provide a little history on this exciting program.

Last year, the Board of Regents decided to make a strong public statement about what is most valued in the U. T. System, which is outstanding teaching. While there are many outstanding faculty members and many awards to recognize the quality of teaching on U. T. academic and health campuses, we have not, in the past, devoted a series of awards exclusively to the recognition of extraordinary quality in undergraduate teaching. And so, the Board decided to create awards expressly for that purpose: the Regents' Outstanding Teaching Awards.

Tonight, the first of these awards will be given to 73 individuals from the U. T. System academic institutions whose work has been judged exemplary by students, peers, and experts from outside the System. Medals have been struck for each of the recipients and a significant cash award accompanies this recognition. Today, in just a moment, we will hear presentations from three of the outstanding educators who will be honored.

This first round of awards is special to us because it marks the beginning of an annual event. It is our intent that every year no fewer than 60 outstanding teaching awards will be made.

I want to express our special thanks to Executive Vice Chancellor for Academic Affairs Dr. David Prior and his staff for their hard work and diligence in the creation of these awards. As is so often the case, the Board makes the decision and it then falls to staff to figure out how best to implement the decision and then make it all happen. And as is always the case, we are grateful for their efforts.

For the last few months, we have been emphasizing the significance of the previously discussed Competitiveness Initiative and the advantage that it gives us as we strive to attract the best faculty to our campuses. There is no question that the dollars spent to build state-of-the-art classrooms and laboratories and acquire cutting-edge technology will make a tremendous difference in our ability to recruit and retain the most outstanding educators. But the point, of course, is that the facilities and the technology are tools that will be put to use by the human talent that can make the most of it.

Our quest is not to build the best, but to be the best. And our success will be determined by the quality of the individuals involved in the educational process.

Following a brief video introduction, Chancellor Cigarroa provided additional comments.

Remarks by Chancellor Cigarroa

Thank you, Mr. Chairman. I simply want to add that this is a truly momentous day in the history of The University of Texas System. Executive Vice Chancellor Prior has reported to me that a leader of one of the major national academic organizations told him that these awards are among the best in our nation. No one should be surprised by that observation because this Board has consistently demonstrated its support of one of the most important principles in higher education, that the working relationship between student and teacher is at the core of education; it is, indeed, the definition of education.

And while it is undergraduate teaching on the U. T. academic campuses that we highlight today, our health campuses are also justifiably proud of their educators. In fact, The University of Texas Academy of Health Science Education was specifically created to recognize and foster excellence in teaching on our six health campuses.

Teaching, which is nothing more or less than causing learning to take place, is the purpose of everything we do at the U. T. System.

For the awards we present today, each of the candidates has been through a rigorous campus-based selection process, beginning at the department level and, from there, moving through the various university levels and on to the president's office.

Once recommended by the president of their institution, their names and qualifications were submitted to the U. T. System Office of Academic Affairs and then passed on to a selection committee composed of students, faculty, alumni, Regents, and U. T. System representatives along with representatives of the Association of Public and Land-grant Universities, the Carnegie Foundation, Humanities Texas, and The Academy of Medicine, Engineering and Science of Texas.

The standards set for these awards are high and we are gratified by the response that the call for candidates generated.

These first recipients of the Regents' Outstanding Teaching Awards represent many different fields and many different disciplines. They are as diverse as the interests of our students. What they all share is a drive to achieve excellence in teaching and inspire excellence from their students. This is the characteristic that these remarkable undergraduate teachers have in common with our outstanding graduate faculty on U. T. academic and health campuses. It is the characteristic they share will all great teachers. We honor these recipients today, but they are truly the ones who honor us every day with their service.

Our award candidates and winners were considered in three tiers of faculty: tenured, tenure-track, and contingent faculty. Contingent faculty includes lecturers, instructors, and adjunct faculty. Now, we will have the pleasure of hearing from three of the Regents' Outstanding Teaching Award winners, representing each of these tiers.

Chancellor Cigarroa then introduced the following faculty who provided brief remarks and who each received a standing ovation:

- Representing tenured faculty was Mr. Robert Prentice, University Teaching Professor and the Ed and Molly Smith Professor of Business Law at the U. T. Austin McCombs School of Business.

- Representing tenure-track faculty was Dr. Kimberly Selber, Lecturer in the Department of Communication at The University of Texas – Pan American.

- Representing the contingent faculty members being honored was Mr. Steven Varela, Lecturer in the Department of English at The University of Texas at El Paso.

Chairman Huffines then presented the following closing remarks.

<u>Closing remarks by Chairman Huffines</u>

Thanks so much to all of you. We are so very proud of you and your work. On behalf of your students, your campuses, and the Board of Regents, we thank you for your impressive contributions to the U. T. System and to the intellectual growth of your students.

If you want to learn more about these exceptional educators or our other award recipients, you can find information on a special Web site www.utsystem.edu/teachingawards.

2. U. T. System Board of Regents: Approval to present the Santa Rita Award to Former Vice Chairman Rita Crocker Clements and to Governor William P. Clements, Jr.

Chairman Huffines recommended former Board Vice Chairman Rita Crocker Clements and Governor William P. Clements, Jr., as recipients of the Santa Rita Award, the highest honor bestowed by the Board of Regents. He said the support of, and contributions to, The University of Texas System by The Honorable and Mrs. Clements are legendary.

Chairman Huffines further recommended that the awards be bestowed upon Governor and Mrs. Clements at an appropriate ceremony to be held in Dallas, when the details of their lifelong dedication and service to higher education can be acknowledged.

Regent Hicks seconded the recommendation, which carried by acclamation.

The Honorable William P. Clements, Jr., served as Texas governor from 1979 to 1983 and from 1987 to 1991. During that time, he established the Governor's Task Force on Higher Education that led to a significant restructuring of the state's higher education system, bringing all U. T. System institutions at the time under the umbrella of the Permanent University Fund (PUF), expanding the Fund's bonding authority, and establishing a capital fund for non-PUF institutions known as the Higher Education Assistance Fund (HEAF). Governor Clements recently gave a $100 million gift to The University of Texas Southwestern Medical Center at Dallas. In 2006, Governor Clements donated $10 million to the institution to complete a clinical and medical research facility now named the Bill and Rita Clements Advanced Medical Imaging Building; and in 1998, Governor Clements donated $1.25 million to U. T. Southwestern Medical Center – Dallas to create the Rita C. and William P. Clements, Jr., Scholar in Medical Research to recognize newly appointed and promising faculty members.

Ardent supporters of higher education, the couple has also made substantial philanthropic contributions to The University of Texas at Austin, The University of Texas at Dallas, and Southern Methodist University.

Mrs. Clements was appointed to the U. T. System Board of Regents by Governor George W. Bush in November 1996 and was reappointed to a full term by Governor Rick Perry in 2001. She served as a Vice Chairman of the Board from 1997 to the end of her term in 2007.

Among her many leadership positions on the Board, Mrs. Clements served as chairperson of the Facilities Planning and Construction Committee, and was a vigorous champion of capital projects, campus planning, and architectural standards.

3. <u>U. T. System Board of Regents: Appointment of a Special Advisory Committee on the Brackenridge Tract to review the conceptual master plans</u>

Chairman Huffines appointed Regents Gary, Longoria, and Powell to serve on a Special Board Committee on the Brackenridge Tract to review the two conceptual master plans presented by Cooper, Robertson & Partners, L. L. P., on June 18, 2009. Chairman Huffines said the work of the Committee will bring focus and long-term continuity to the complex and long-term nature of the issues surrounding the Brackenridge Tract, and he expects the review to continue well into the next decade.

<u>Note from the Secretary</u>: Following the Board meeting, the Special Committee was named as an Advisory Committee; the Special Advisory Committee on the Brackenridge Tract.

RECESS.--At 2:10 p.m., Chairman Huffines announced the Board would recess for meetings of the standing committees and would reconvene on the morning of August 20.

THURSDAY, AUGUST 20, 2009.--The members of the Board of Regents of The University of Texas System reconvened at 10:40 a.m. on Thursday, August 20, 2009, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present	Absent
Chairman Huffines	Regent Powell
Vice Chairman McHugh	
Vice Chairman Foster	
Regent Dannenbaum	
Regent Gary	
Regent Hicks	
Regent Longoria	
Regent Stillwell	
Regent Meijer, Student Regent, nonvoting	

Chairman Huffines announced a quorum present and called the meeting to order.

U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meetings of the Board of Regents of The University of Texas System held on May 13-14, 2009, and July 8-9, 2009, in Austin, Texas, were approved as prepared by the Assistant Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LVI, Pages 400-520 (May) and Pages 537-577 (July).

The Minutes of the special meeting of the Board of Regents of the U. T. System held on June 18, 2009, in Austin, Texas, were also approved as prepared by the Assistant Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LVI, Pages 521-536.

AGENDA ITEMS, CONTINUED

4. <u>U. T. System: Chancellor's quarterly update - Strategic Vision for the U. T. System</u>

   Chancellor Cigarroa presented his vision for The University of Texas System, including an outline of priority strategic objectives.

Remarks by Chancellor Cigarroa
on
The University of Texas System Vision

I stand here before you, honored by your trust, and deeply inspired by the charge you have placed in me as Chancellor of our beloved University of Texas System. In this first decade of the 21st century, the opportunity to lead The University of Texas System to the very forefront of teaching, research, and health care, is unbelievably exciting. Through our collaborative efforts, channeling energized creativity guided by classical wisdom, The University of Texas System will seize the moment and transcend the issues of our time.

Our country is at war, and it is experiencing many challenges, including: a declining economy, joblessness, health disparities, a strained environment, immigration challenges, border violence, depleting energy resources, and a troubled public education system. Everywhere we turn, the media confronts us day in and day out with disturbing images that impact our psyche. It is exactly at this time, that what we need most is clear vision, coupled with the power of imagination, to find amazing solutions aimed at benefiting mankind, and preparing our students to become the global leaders of tomorrow. We have incredible resources to imagine better, and to serve as the compass for our state, our nation, and our international community in moving forward with certainty and conviction, even through these difficult times.

Since its founding, the U.S. has tied its national pride to the power of education to forge a better society. This has remained a constant through hundreds of years and is just as true in the 21st century as it was at our country's inception. Without question, our universities remain the nation's greatest treasures, which regardless of everything else, have not diminished in value. We must protect this legacy, this foundation of excellence that the U. T. System is built upon. The question given our challenging times is, “What is ours to do?" not only to continue the power and richness of education, but to take it to new heights of discovery so that Texas serves as a catalyst for positive change. Our universities are critical for a great America and the beauty of its innovative spirit. Congress is, at this moment, asking the National Academy of Sciences to identify what Congress can do to assure that the United States continues to maintain research universities of excellence. We must also ask this of ourselves, deeply respecting the past, while we envision the future.

Before all else, I believe that we must recognize what should not change in the U. T. System. As stewards of our incredible institutions, we must cherish what has worked in our pursuit for excellence and what is timeless, despite our open and ever-changing world. Some things should not change, even when the mantra ringing in our ears tells us otherwise.

That is part of being an institution of higher learning, passing on to our children the constancy of a rich heritage...what the best minds preceding us have left behind...the teachings of Plato, the revelations of the Renaissance, the genius of Whitman and Emily Dickinson, the history of diverse societies and cultures...the love of learning, which is at the very heart of our mission, our spirit, and our heritage. Several elements of this can only take place in a classroom setting, regardless of the ability of the Internet and technology to augment learning. It is in the classroom and on campus that the professor and student exchange ideas through the power of the spoken and written word. It is in the classroom and on campus that students learn from each other and that we gather diversity so that ideas and knowledge are based on inclusiveness and talent. Strengthening the college environment by attracting the best faculty and staff, a diverse student body, and maintaining incredible libraries must continue to be foremost within our every institution in order to provide a truly exciting and inspiring community of learning which cultures excellence.

There is much that we must refine in how we design this community. “What is ours to do regarding admissions standards?" is a question that comes to mind. Admissions standards must be transparent and clearly defined by our campuses, while also ensuring that we capture and retain our state’s diverse talent. I strongly maintain that we must focus on assuring that our students succeed upon matriculation both in retention and timely graduation. To have students fail because they could not accomplish the work is harmful. We are giving them further debt, in addition to a potential sense of failure that will color their esteem, possibly for life. We have a duty to educate outstanding teachers who will inspire young students to become lifelong learners, build relationships with K-12 schools, replicate the power of the UTeach program, and partner with community colleges to better prepare students who require a bridge before entering our universities, so that they can make the most of their higher education. It should be a goal that, remediation for “at-risk students” occurs prior to entering our universities. Our hope is that students not only succeed, but excel.

"What is ours to do regarding innovations that 21st century students can benefit from?" Again, we should use whatever resources are possible to augment the classroom. In a time when every student has as an additional appendage, in the form of a laptop, let's take advantage and use it to facilitate language learning, writing skills, research, and communication. Education Secretary Duncan urges educators to consider the report on *Evidence-based Practices on Online Learning*. He writes, “This new report reinforces that effective teachers need to incorporate digital content into everyday classes and consider open-source learning management systems, which have proven cost-effective in school districts and colleges nationwide.” Studies demonstrate that online learning is most effective when used as a tool to augment the classroom. We must create environments that foster and incentivize innovations in our educational curriculum towards enhancing student success, including information technology and distance education to also augment access for students into our universities.

But there are more important ways to facilitate learning beyond simply using technology. I believe that there must be an emphasis on personal involvement of faculty with students, outside their role as lecturer. Professors have a critical role to play, for example, at a dining room table on campus, having discussions with students in their personal capacity. One-on-one conversations are vital opportunities to influence young people. I can tell you that I would not be here today had a professor not taken the time to engage with me when he asked me one day if I had ever considered academic medicine. That brief dialogue influenced me profoundly for the rest of my life. Faculty, in other words, interacting with students outside the lecture halls, play a vital role in building community within a university and in inspiring students to reach their full potential.

I am pleased that our universities have placed a strong emphasis on enhancing diversity among the student body and that we have modified the Top Ten Percent Law at The University of Texas at Austin through our Legislature, for this similar important purpose. Our universities need to reflect the face of Texas. Our admission offices need to do their part in actively recruiting the best and brightest students from diverse back-grounds to matriculate into our great universities. We want these students to stay in Texas! We must also be concerned about the diversity reflected by our faculty and administrative leaders. I consider it important to inspire and encourage students from diverse backgrounds to consider academic careers, especially across the health professions where diversity in our nations' institutions has been an ongoing challenge.

Having identified what should not be changed but refined, we must also make hard decisions on what must change, especially given our times. We must, for example, think outside-the-box regarding students and their debt as 45% of first-time, degree-seeking undergraduate students require loans for their education. Why can't we offer a three-year learning option for select undergraduates, especially those with advanced placement or dual college credit? This requires outstanding student counselors and innovative curriculums. This would allow certain students to avoid the cost of tuition, fees, and board for a year, providing them the freedom to enter the workforce or pursue graduate school a year earlier, while permitting the university to enhance capacity and provide additional scholarships. We need to encourage and embrace innovations in education and curriculum that enhance access and affordability, while maintaining excellence. Through our leadership, in other words, we are in a privileged place where we must be fully discerning and open to exactly what our students are facing in order to structure an optimal environment for their development and success. We cannot simply proceed with business as usual. The University of Texas System is first rate, but it must strive for continual improvement if we are to achieve prominence as a world-class family of universities.

We have been given the responsibility, by the public, of assuring that our universities are at the very center of the evolution of knowledge, articulating its parameters in a spirit of excellence and integrity with the highest levels of ethics and compliance. We must prepare students for the changing needs of our world by providing them the knowledge and skills for solving complex problems in areas such as health care, global environmental changes, economics, and energy sustainability, to name a few. The University of Texas at Austin is already poised to tap the full intellectual assets of the U. T. System in developing "game changing" technological opportunities in energy. Our faculty lead in the knowledge of carbon-related energy and they must be mobilized to address the many issues we are now facing, including important research on alternative energy sources. The economic future of the State of Texas, and our nation, depends on the viability of our energy sources. In short, U. T. should be Number One in energy research and in other areas ranging from the physical to the biologic disciplines.

The U. T. System's health science centers are vital to the health of Texas, the nation, and the world. We must be sure to take on a vital leadership role in advising our state and federal government on health policy and public health issues, especially as health care reform looms before us. We must be leaders in developing models that improve the delivery of health care, maximizing patient safety, outcomes, and affordability. We must prepare for changes in reimbursements for both physicians and hospitals and tap upon the strengths of our collective health institutions to establish best practice plan models. And we must think big in the recruitment of the best clinician-scientists to educate our students, advance research, and care for the sick.

Exciting opportunities exist both in Austin and in the Mid and Lower Rio Grande Valley to expand the education of students in medicine and other health professions, graduate medical education, public health, and biomedical research. These important efforts will improve the health of society at-large, and at the same time, add tremendous new potential to many of U. T. Austin's, The University of Texas – Pan American's, and The University of Texas at Brownsville's outstanding departments and schools, including disciplines at other universities. Additionally, we must work to ensure that the pipeline of students, entering our health science centers, remains wonderfully competitive, diverse, open, and bountiful. We must ready our students for careers in which different types of health professionals prepare for a lifetime of coordinated and integrated care, which is culturally appropriate. Our health institutions must organize themselves to deliver this kind of integrated care for prevention, as well as treatment. Furthermore, through the research currently progressing within our System and at the Cancer Prevention Research Institute of Texas, we have the potential to have an unprecedented impact on cancer, giving us hope that here, within the U. T. System, we can solve and make advances to help eradicate the morbidity and mortality of this terrible disease. We are fortunate to have two National Cancer Institute-designated cancer centers within the U. T. System, the Cancer Therapy and Research Center within The University of Texas Health Science Center at San Antonio, and The University of Texas M. D. Anderson Cancer Center. The collective strengths of our health institutions provide the U. T. System an opportunity to be the very best in our world in health professional education, clinical care, and research. M. D. Anderson is already the best in the world in cancer care, research, and prevention, and we must protect this status.

Each university throughout the System must establish signature programs, or centers of excellence, consistent with our mandate to be an institution of the first class. Our individual universities, in other words, should be recognized as “outstanding” in certain areas -- areas which also have the potential of changing the quality of life. We must be leaders in translating new knowledge from our laboratories to the benefit of every man, woman, and child. U. T. Austin must continue to build its excellence in its goal to become America's best research intensive university. Our emerging research universities must define their paths toward Tier One in a highly disciplined way. Tier One status is not just about reaching $100 million in restricted sponsored research; in fact, it is a product of the work derived from nationally recognized faculty, resulting in the creation of outstanding departments, which in turn attract outstanding postdoctorate, graduate and undergraduate students. This circle of excellence enhances student outcomes and success. I submit to you that you cannot become a Tier One university without a highly successful undergraduate and graduate student body.

The path towards excellence is equally as important at U. T. Brownsville, U. T. Pan American, The University of Texas of the Permian Basin, and The University of Texas at Tyler, and we must work with their leadership to reach their full potential and thus that of the U. T. System. We simply cannot be everything to everybody. The power of the U. T. System is to create partnerships, especially among our campuses, including creating new joint degree and research programs. As Chancellor, I will work closely with the System leadership, our presidents, and Board of Regents in order to continue to cross parochial limitations in support of broader university goals. We are a family of universities, a beautiful constellation which reflects light on one another.

And as a family, we must be inclusive. "What is ours to do regarding insuring responsiveness to each of our institutions?" One fourth of our student population, that is 55,000 students, resides on the border at U. T. Brownsville, U. T. Pan American, U. T. El Paso, the Regional Academic Health Center in the Lower Rio Grande Valley, and the Laredo Campus Extension in the Mid Rio Grande Valley. I recently visited El Paso, and was moved by a professor who is doing extensive research in addictive behaviors. The beautiful campus in which she works faces in the direction of Juárez, and it struck me as so amazing and so appropriate that U. T., as it is positioned, has the power to influence such a problem presently crossing our borders and affecting our world.

Our border universities have great potential to contribute to many professions including law, business, Latin American Studies, public health, medicine, and the biosciences. Educating students in our rapidly changing international border will enhance the prosperity and security of both the United States and Mexico. The University of Texas System is unique in that we have five campuses on the border to Mexico and we must take advantage of this binational presence. A plan must be designed to identify synergies between our border universities aimed at enhancing the education of students among one of the fastest growing regions of Texas, including advanced professional degrees. The Regional Academic Health Center is already successful in educating third- and fourth-year medical students and is in the planning phase for five core residency programs critical in addressing the physician workforce shortage. We will continue to build programs of excellence in the years ahead at the Regional Academic Health Centers residing in Brownsville, Edinburg, and Harlingen, and at the Laredo Campus Extension, helping to address the complex health issues confronting this region of Texas and our society. U. T. must be at the forefront of addressing the tremendous opportunities of our border campuses. If we do not do this correctly, Texas will certainly suffer.

In terms of fiscal responsibility, we should ask ourselves, “What are we mandated to envision?” Texas is at a competitive advantage as a result of its relatively good standing in the economy compared to other states in the nation, and also because of the Board of Regents’ Competitiveness Initiative. We must seize the moment and recruit and retain the very best faculty from around the world. We are uniquely poised right now to do this and it will pay off for years to come. Furthermore, as leaders charged with vision and mission, we must not be complacent, regardless of our present good fortune, as the economic horizon remains uncertain. We can't solely rely on Permanent University Funds (PUF) and General Revenue, although it remains critically important to work with our legislature to obtain adequate State support such that total academic costs can be contained while maintaining excellence. It will be important to work with our elected officials in addressing the best method of financing universities who are at enrollment capacity, as General Revenue is so dependent on enrollment growth. This is especially important for U. T. Austin and our health science centers, with their ambitions to become the very best in our nation. I'd like to elaborate on this a bit more. It is becoming an increasing challenge for U. T. Austin to recruit and retain its talent based on the current formulaic allocation of General Revenue. To make the point, our nine general academic institutions received formula increases that totaled $72.9 million in General Revenue, or a 6.9% increase, not including formula hold harmless or funds moved from an institutional excellence or enhancement fund. A specific look at U. T. Austin demonstrated a 1.4% increase in their formula funding. One can therefore understand their ongoing challenge.

It must therefore be within our mandate to develop better sustainable models that lead to enhanced revenues and savings, which begs the question, "What is ours to do in terms of cost containment?" The power of the U. T. System yields answers. It has a tremendous capacity to leverage System purchasing power and eliminate duplicity, especially with the value of having a unified human resource information system. We must start examining and implementing efficiencies, sharing services where sister campuses exist, and weaning programs which are no longer fulfilling their purpose. Hard decisions must be made in examining how we can effectively control costs within our universities and within individual departments to assure both affordability and excellence to our students. I will be asking myself and each President to optimize their management and organizational structure, in addition to eliminating programs not adding to the mission of our universities, and to submit to my office a report of substantive progress towards this important endeavor. We must be the best stewards of our resources to enhance our mission and to prepare for a still unsettling economic future. We must be leaders in accountability, transparency, and performance. As H.Y. Benedict, 10th President of U. T. Austin stated, "Public confidence is the only real endowment of a state university." It is our responsibility to take a hard look and track how our resources are actually benefitting student success and faculty productivity and assuring that every qualified student, irrespective of socioeconomic background, has an opportunity to receive an education of the first class at our universities. We must embody a spirit of creative renewal and continual improvement to maximize productivity. We must loathe mediocrity.

And we must be ever mindful of philanthropy and our duty to carefully guard what has been bestowed to us. Generosity is one of the greatest of humanity's traits and needs to be deeply respected, fostered, and acknowledged by our U. T. System in supporting excellence. Governor Clements just gave $100 million to The University of Texas Southwestern Medical Center at Dallas with no strings attached. It is a tremendous trust, and we must be mindful stewards of what has been given to us so generously. This has been close to our minds as we deliberate on the use of the Brackenridge Tract, to assure the intentions of Colonel Brackenridge are met to benefit the mission of U. T. Austin. I recognize that my role as Chancellor must be one as a visible leader in higher education who will be sought out by a variety of stakeholders for the advancement of education and our society, not only in Texas and the U.S., but internationally as well.

Our vision must be great, our intellects strong, our imaginations energetic, and our hearts open, as we answer the question, “What is ours to do?” in these challenging times. I strongly believe that we now have tremendous opportunities to make incredible differences that will have positive ramifications rippling well beyond our lifetimes in terms of how our university will look, and in how it will affect the future of Texas in the next century.

The total impact of the U. T. System on our world is immeasurable because of the unlimited possibilities it creates. How can you measure what one of our doctors advanced today in her quest to cure a young person’s addiction? How can you quantify that a life was saved today by a device one of our physicians developed or that someone learned something that changed how they viewed the world? How can you enumerate that a professor gave a word of advice that changed the course of a student’s life? Or that a poem that was read in an English literature class stirred a heart, like this Sonnet written by M.S. Merwin, which reads as follows:

<u>Sonnet</u>

Where it begins will remain a question,
for the time being at least which is to
say for this lifetime, and there is no
other life that can be this one again,
and where it goes after that only one
at a time is ever about to know,
though we have it by heart as one
and though we remind each other on occasion

How often may the clarinet rehearse
alone the one solo before the one
time that is heard after all the others,
telling the one thing that they all tell of
it is the sole performance of a life
come back I say to it over the waters

As your Chancellor, I feel deeply privileged to provide you with a vision of how we can best perform, “the one time that is heard after all the others.” What we can accomplish here within our U. T. System is immeasurable, and has worth beyond what we can ever imagine, armed with the knowledge to understand what should not be changed, the imagination to envision what must change, and a deep love of learning and creating new knowledge, which is after all the very heart of our System. As your Chancellor, I will work on this vision. Our students, faculty, and staff will excel with integrity. And because of the lessons and values learned at our universities, we will be leaders and role models in their communities and the world. We have this opportunity, right now, in this time period, to achieve greatness that will be long lasting, and as your Chancellor, I will give you my very best performance.

Chancellor Cigarroa received a round of applause.

5. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2010, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects and an allocation for the Science and Technology Acquisition and Retention (STARs) Program

Chancellor Cigarroa presented a presentation on The University of Texas System Fiscal Year 2010 Operating Budget request for $11.9 billion, including the Library, Equipment, Repair and Rehabilitation (LERR) Budget and an allocation for the Science and Technology Acquisition and Retention (STARs) program. He said the U. T. System Administration flexible hiring freeze remains ongoing and salaries for Executive Officers and Presidents are frozen for the coming fiscal year.

Following Dr. Cigarroa's presentation of the budget, Chairman Huffines asked Vice Chairman Foster and Regent Hicks for comments. On April 13, 2009, Chairman Huffines appointed these two Board members to assist Chancellor Cigarroa in reviewing the Fiscal Year 2010 budget to see if the U. T. System is appropriately right-sized in this economic environment (see Item 6 on Page 21).

Vice Chairman Foster said he is persuaded that staffing levels are being approached in the right way and that the budget had been compared to the budgets of peer institutions. He said certain areas of the budget have been reduced due to the economic environment and to the slowdown primarily in capital spending. Vice Chairman Foster recommended that review of the budget be an ongoing process and he committed himself and Regent Hicks to continue to be engaged in the budget review process.

Regent Hicks concurred with Vice Chairman Foster's remarks and commented on the U. T. System's 6% reduction in expenses and headcount reduction of approximately 65 people this year.

Chairman Huffines said the U. T. System is going to be bold in recruiting talent to Texas and he challenged the institutional presidents to use the resources wisely.

The U. T. System Operating Budgets for Fiscal Year 2010, were approved, including compensation for those individuals requiring Board approval as recommended to and considered by the Board in Executive Session on July 8, 2009; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; and Medical and Dental Services, Research and Development Plans, with delegation to the Chancellor to authorize new or extended deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's earlier discussions in Executive Session.

Further, the Chancellor was authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Docket.

Permanent University Fund (PUF) Bond Proceeds in the amount of $50 million were appropriated to the institutions to fund LERR Projects for Fiscal Year 2010. Of the $50 million, $20 million were appropriated directly to U. T. System institutions for the purchase of approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases or repair and rehabilitation projects are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor, and, where required, the U. T. System Board of Regents. Transfers by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the U. T. System Board of Regents. Subject to completion of a project planning form, repair and rehabilitation projects are automatically added to the Capital Improvement Program (CIP) provided that total project cost and funding sources have not changed from the original LERR request.

$30 million of the PUF Bond Proceeds were appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty known as the Faculty STARs program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting top researchers.

LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2010 and Faculty STARs program appropriations not expended or obligated by contract or purchase order within 18 months after the date of the award are to be available for future U. T. Systemwide reallocation unless specific authorization to continue obligating the funds is given by the Associate Vice Chancellor - Controller and Chief Budget Officer upon recommendation of the president of the institution and the appropriate Executive Vice Chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

Available University Funds (AUF) were authorized in the amount of $11,132,554 for one-time funding of the following:

a. $6,132,554 to pay U. T. Systemwide Microsoft license renewals currently in the 12th year of an agreement with Microsoft Corporation to provide all U. T. System institutions, faculty, staff, and students with the most commonly used Microsoft products, and

b. $5,000,000 for faculty recruitment at The University of Texas at Austin aimed at hiring top faculty talent.

Savings achieved at each institution by not having to pay 12th year Microsoft license renewal costs and the $5 million in AUF appropriated to U. T. Austin will be used to match Faculty STARs program awards for recruitment of top faculty talent. The University of Texas at Brownsville and The University of Texas – Pan American will consult with the Executive Vice Chancellor for Academic Affairs before committing the savings on new faculty recruitments since neither institution receives STARs funding. If any of the $5 million in AUF funding appropriated to U. T. Austin remains after February 2012, the remaining balance will be returned to U. T. System Administration.

The U. T. System operating budgets are a part of the official copy of the Minutes and are made a part of the record of this meeting.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budget (Item 3b on Page 3). Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 21 - 25.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Approved for Fiscal Year Ending August 31, 2010

		Approved 2009 Rate	Approved 2010 Rate	Dollar Increase	Percentage Increase
U. T. SYSTEM ADMINISTRATION					
Chancellor					
Francisco G. Cigarroa					
Salary Rate	$	750,000	750,000	-	0.0%
Deferred Compensation		-	-	-	0.0%
Total Compensation	$	750,000	750,000	-	0.0%
Executive Vice Chancellor for Academic Affairs					
David B. Prior					
Salary Rate	$	378,000	378,000	-	0.0%
Total Compensation	$	378,000	378,000	-	0.0%
Executive Vice Chancellor for Business Affairs					
Scott C. Kelley					
Salary Rate	$	363,000	363,000	-	0.0%
Total Compensation	$	363,000	363,000	-	0.0%
Executive Vice Chancellor for Health Affairs					
Kenneth I. Shine [1]					
Salary Rate	$	600,000	600,000	-	0.0%
Total Compensation	$	600,000	600,000	-	0.0%
Vice Chancellor for Administration					
Tonya Moten Brown					
Salary Rate	$	270,530	270,530	0	0.0%
Total Compensation	$	270,530	270,530	0	0.0%
Vice Chancellor for External Relations					
Randa S. Safady					
Salary Rate	$	412,000	412,000	0	0.0%
Total Compensation	$	412,000	412,000	0	0.0%
Vice Chancellor and General Counsel					
Barry Burgdorf					
Salary Rate	$	400,000	400,000	0	0.0%
Total Compensation	$	400,000	400,000	0	0.0%
Vice Chancellor for Governmental Relations					
Barry McBee					
Salary Rate	$	260,000	260,000	-	0.0%
Total Compensation	$	260,000	260,000	-	0.0%

[1] **Dr. Shine received an annual supplment of $100,000 from 9/1/2008 - 1/31/2009 for his additional duties as interim chancellor**

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Executive Officers U. T. System Administration

Approved for Fiscal Year Ending August 31, 2010

		Approved 2009 Rate	Approved 2010 Rate	Dollar Increase	Percentage Increase
U. T. SYSTEM ADMINISTRATION (Cont'd)					
Vice Chancellor for Federal Relations					
William Shute					
Salary Rate	$	235,118	235,118	-	0.0%
Total Compensation	$	235,118	235,118	-	0.0%
Vice Chancellor for Research and Technology Transfer					
H. Keith McDowell					
Salary Rate	$	257,500	257,500	-	0.0%
Supplement[1]		25,750	25,750	-	0.0%
Total Compensation	$	283,250	283,250	-	0.0%
Vice Chancellor for Strategic Management					
Vacant					
Salary Rate	$	283,250	283,250	-	0.0%
Total Compensation	$	283,250	283,250	-	0.0%
Vice Chancellor for Health Affairs					
Amy Shaw Thomas					
Salary Rate	$	225,000	225,000	-	0.0%
Total Compensation	$	225,000	225,000	-	0.0%
Vice Chancellor for Finance and Business Development					
Philip Aldridge					
Salary Rate	$	260,855	260,855	-	0.0%
Total Compensation	$	260,855	260,855	-	0.0%
General Counsel to the Board of Regents					
Francie A. Frederick					
Salary Rate	$	320,250	320,250	-	0.0%
Total Compensation	$	320,250	320,250	-	0.0%
Chief Audit Executive					
Charles G. Chaffin					
Salary Rate	$	265,657	265,657	-	0.0%
Sub-Total Compensation	$	265,657	265,657	-	0.0%

[1]As a retiree, Dr. McDowell is not benefits eligible. To offset this loss, he receives a supplement equal to 10% of his base salary.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Approved for Fiscal Year Ending August 31, 2010

		Approved 2009 Rate	Approved 2010 Rate	Dollar Increase	Percentage Increase
ACADEMIC INSTITUTION PRESIDENTS					
U.T. Arlington					
James Spaniolo					
Salary Rate	$	408,450	408,450	-	0.0%
Deferred Compensation		-	-	-	0.0%
Total Compensation	$	408,450	408,450	-	0.0%
U.T. Austin					
William C. Powers, Jr.					
Salary Rate	$	600,600	600,600	-	0.0%
Deferred Compensation[1]		50,000	50,000	-	0.0%
Total Compensation	$	650,600	650,600	-	0.0%
U.T. Brownsville					
Juliet V. García					
Salary Rate	$	297,725	297,725	-	0.0%
Deferred Compensation[2]		25,000	25,000	-	0.0%
Total Compensation	$	322,725	322,725	-	0.0%
U.T. Dallas					
David E. Daniel					
Salary Rate	$	491,824	491,824	-	0.0%
Deferred Compensation[3]		35,000	35,000	-	0.0%
Total Compensation	$	526,824	526,824	-	0.0%
U.T. El Paso					
Diana S. Natalicio					
Salary Rate	$	382,200	382,200	-	0.0%
Deferred Compensation[4]		30,000	30,000	-	0.0%
Total Compensation	$	412,200	412,200	-	0.0%
U.T. Pan American					
Charles Sorber (Interim President)					
Salary Rate	$	280,000	280,000	-	0.0%
Total Compensation	$	280,000	280,000	-	0.0%

Note: All Presidents are paid $65,945 from General Revenue and the difference is paid from other institutional fund sources

[1]Vests 8/31/2010

[2]Vests 8/31/2011

[3]Vests 8/31/2012

[4]Vests 8/31/2009 - new agreement recommended beginning 9/1/2009 vesting 8/31/2012

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Approved for Fiscal Year Ending August 31, 2010

		Approved 2009 Rate	Approved 2010 Rate	Dollar Increase	Percentage Increase
ACADEMIC INSTITUTION PRESIDENTS (Continued)					
U.T. Permian Basin					
W. David Watts					
Salary Rate	$	296,400	296,400	-	0.0%
Deferred Compensation[1]		15,000	15,000	-	0.0%
Total Compensation	$	311,400	311,400	-	0.0%
U.T. San Antonio					
Ricardo Romo					
Salary Rate	$	364,208	364,208	-	0.0%
Deferred Compensation[2]		25,000	25,000	-	0.0%
Total Compensation	$	389,208	389,208	-	0.0%
U.T. Tyler					
Rodney H. Mabry					
Salary Rate	$	342,186	342,186	-	0.0%
Deferred Compensation[3]		30,000	30,000	-	0.0%
Total Compensation	$	372,186	372,186	-	0.0%

Note: All Presidents are paid $65,945 from General Revenue and the difference is paid from other institutional fund sources

[1]Vests 8/31/2009 - new agreement recommended beginning 9/1/2009 vesting 8/31/2012

[2]Vests 8/31/2011

[3]Vests 8/31/2013

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Approved for Fiscal Year Ending August 31, 2010

		Approved 2009 Rate	Approved 2010 Rate	Dollar Increase	Percentage Increase
HEALTH INSTITUTION PRESIDENTS					
U.T. Medical Branch - Galveston					
David L. Callender					
Salary Rate	$	639,790	639,790	-	0.0%
Deferred Compensation[1]		175,000	175,000	-	0.0%
Practice Plan		165,675	165,675	-	0.0%
Total Compensation	$	980,465	980,465	-	0.0%
U.T. Health Science Center - Houston					
Lawrence R. Kaiser					
Salary Rate	$	844,743	844,743	-	0.0%
Deferred Compensation		-	-	-	0.0%
Practice Plan		205,257	205,257	-	0.0%
Total Compensation	$	1,050,000	1,050,000	-	0.0%
U.T. Health Science Center - San Antonio					
William Henrich					
Salary Rate	$	590,877	590,877	-	0.0%
Deferred Compensation[2]		100,000	100,000	-	0.0%
Practice Plan		159,123	159,123	-	0.0%
Total Compensation	$	850,000	850,000	-	0.0%
U.T. Southwestern Medical Center - Dallas					
Daniel K. Podolsky					
Salary Rate	$	902,297	902,297	-	0.0%
Deferred Compensation[3]		60,000	60,000	-	0.0%
Practice Plan		247,703	247,703	-	0.0%
Total Compensation	$	1,210,000	1,210,000	-	0.0%
U.T. M. D. Anderson Cancer Center					
John Mendelsohn					
Salary Rate	$	802,910	802,910	-	0.0%
Deferred Compensation[1]		250,000	250,000	-	0.0%
Practice Plan		200,230	200,230	-	0.0%
Total Compensation	$	1,253,140	1,253,140	-	0.0%
U.T. Health Science Center - Tyler					
Kirk Calhoun					
Salary Rate	$	390,930	390,930	-	0.0%
Deferred Compensation[4]		45,000	45,000	-	0.0%
Practice Plan		96,857	96,857	-	0.0%
Total Compensation	$	532,787	532,787	-	0.0%

Note: All Presidents are paid $65,945 from General Revenue and the difference is paid from other institutional fund sources

[1] Vests 8/31/2010

[2] Dr. Henrich began serving as President on 6/19/2009. New agreement recommended beginning 6/30/2009 vesting 8/31/2012

[3] Vests 8/31/2012

[4] Vests 8/31/2009 - new agreement recommended beginning 9/1/2009 vesting 8/31/2012

6. U. T. System: Report by Vice Chairman Foster and Regent Hicks regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2010

On April 13, 2009, Chairman Huffines appointed Vice Chairman Foster and Regent Hicks to act as liaisons to Chancellor Cigarroa as he reviewed and addressed issues related to the proposed University of Texas System budget for Fiscal Year 2010 to see if the budget is appropriately right-sized in light of the current economic environment.

See Item 5 on Page 18 for discussion on this item.

7. U. T. System Board of Regents: Amendment to the Regents' *Rules and Regulations*, Rule 10402, Section 1, regarding a quorum of Standing Committees

Section 1, Subsection 1.1 of the Regents' *Rules and Regulations*, Rule 10402 was amended to read as set forth below to add language regarding a quorum of Standing Committees of the Board. This amendment permits the Chairman of the Board or the Standing Committee Chairman to appoint Regents to serve temporarily on a Committee in the event of an unanticipated absence.

Sec. 1 Standing Committees. The following committees shall be standing committees of the Board of Regents to consider policies for the government of all major areas: (a) Finance and Planning Committee, (b) Academic Affairs Committee, (c) Health Affairs Committee, (d) Facilities Planning and Construction Committee, and (e) Audit, Compliance, and Management Review Committee.

1.1 Composition and Quorum of Standing Committees. Each standing committee is composed of not less than four members of the Board of Regents appointed by the Chairman. In the unanticipated absence of a quorum, the Chairman or Committee Chairman may appoint another member(s) of the Board to serve in a temporary capacity on the Committee.

8. U. T. System Board of Regents: Amend Regents' *Rules and Regulations*, Rule 10501, Section 4 (Contracts Not Requiring Board Approval), Subsection 4.12, regarding athletic employment agreements

Section 4, Subsection 4.12 of the Regents' *Rules and Regulations*, Rule 10501, regarding certain athletic employment agreements that do not require Board approval, was amended to read as set forth below:

Sec. 4 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents regardless of the contract amount.

. . .

4.12 Athletic Employment Agreements. Contracts with athletic coaches and athletic directors except those with total annual compensation of $250,000 or greater, as covered by Rule 20204.

. . . .

This amendment delegates approval of athletic coach and athletic director contracts for employees with total annual compensation of less than $250,000. Previously, all contracts and contract amendments for athletic directors and head coaches at all University of Texas System institutions required advance approval by the U. T. System Board of Regents.

The budget rules will be amended accordingly to clarify that only employment contracts for coaches and athletic directors with total annual compensation of $250,000 or greater will require Board approval.

9. U. T. System: Authorization to enter into contracts or transactions with Apple Computer, Inc., FedEx Corporation, and each of their respective subsidiaries and operating companies

Authorization was granted for those individuals with contract execution authority under Regents' *Rules and Regulations*, Rule 10501, to enter into contracts, leases, licenses, and other transactions with Apple Computer, Inc., FedEx Corporation, and each of their respective subsidiaries and operating companies, on behalf of The University of Texas System Administration and U. T. System institutions, so long as those transactions comply with applicable procurement and conflict of interest laws, regulations, policies, and procedures.

Regents Gary and Longoria abstained from discussion and vote on this item due to stockholdings in FedEx Corporation and Apple Computer, Inc., respectively.

This advance authorization is the most efficient way for routine business to proceed while still complying with the requirements of *Texas Education Code* Section 51.923, under which U. T. System Administration and U. T. System institutions may enter into contracts or transactions with a for-profit corporation in which a Regent owns 5% or less of the corporation's outstanding capital stock. However, in such cases, the law requires the contract or transaction to be an affiliation, licensing, or sponsored research agreement or to be awarded by competitive bidding or competitive sealed proposals. In addition, the Regent must (i) disclose such an interest in a meeting held in compliance with the Texas Open Meetings Act, and (ii) refrain from voting on any contract or transaction with that corporation.

10. U. T. System: Delegation of authority to facilitate the acceptance of gifts for matching under the Texas Research Incentive Program

The Board authorized Vice Chancellor Safady to act on behalf of the Board to facilitate the acceptance of gifts by University of Texas System institutions that are intended to qualify for matching under the Texas Research Incentive Program (TRIP), as appropriate, and to work closely with U. T. System institutions to ensure compliance with requirements of the Texas Higher Education Coordinating Board related to this Program.

The Texas Legislature, 81st Regular Session, authorized the Program to provide state matching funds for research-oriented philanthropy at the seven emerging research institutions of Texas, as identified under the Coordinating Board's accountability system. Among those seven are The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio.

To qualify for the first $25 million of appropriated matching funds this year, gifts must meet certain criteria related to enhancing research activities, and must be deposited and certified on or after September 1, 2009. Delegation of authority to accept gifts in substantial compliance with all Board and U. T. System policies and procedures will assure maximum flexibility and responsiveness appropriate to enable the four U. T. System institutions to qualify for matching funds on a timely basis.

STANDING COMMITTEE REPORTS TO THE BOARD.--At 11:43 a.m., Chairman Huffines announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 30 - 175.

REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 30 - 31).--Committee Chairman Hicks reported the Audit, Compliance, and Management Review Committee met in open session to consider a matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. System Board of Regents.

1. <u>U. T. System: Report on the internal audit plan for the Fiscal Year 2009 U. T. System Consolidated Annual Financial Report</u>

   This item was considered only by the Committee (see Committee Minutes).

2. <u>U. T. System: Approval to implement a process regarding an independent external financial audit of the U. T. System Consolidated Annual Financial Report</u>

   At the August 13, 2008 meeting of the Audit, Compliance, and Management Review Committee, Committee members agreed to revisit each August the question of whether to hire an external auditor to conduct an independent financial audit of The University of Texas System Consolidated Annual Financial Report. The matter was considered during the Committee meeting held on August 19, 2009, and Committee Chairman Hicks read the following motion that was duly seconded and carried unanimously.

   <u>Motion by Regent Hicks</u>

   Based upon the recommendation of the Chancellor, the Audit, Compliance, and Management Review Committee voted to recommend to the Board of Regents

   a. that the Chancellor, working with the Chairman of the Committee, the Presidents, and U. T. System staff, implement a process to solicit proposals for the performance of an independent external audit of the U. T. System financial statements for the year ending August 31, 2011, with the understanding that the Committee desires the audit activities to be accomplished with a neutral financial impact on the total budget expenditures of the U. T. System and U. T. System institutions and that documentation of the neutral impact be provided to the Chairman of the Board and the Chairman of the Audit, Compliance, and Management Review Committee prior to recommendation on the selection of an external auditor;

b. that the Chancellor and Presidents review the audit and compliance activities and staffing levels at U. T. System Administration and U. T. System institutions to assure that their activities are based upon identified risks and that the numbers and skills of staff are appropriate to audit and monitor such risks; and

c. that a schedule for these activities be developed to result in consideration of the selection of an external auditor by the Committee and the Board as early as the Board's May 2010 meeting but no later than the August 2010 Board meeting.

3. U. T. System: Report on the Systemwide annual audit plan process

This item was considered only by the Committee (see Committee Minutes).

4. U. T. System: Report on the Systemwide internal audit activities, including the audit of internal controls over the Permanent University Fund and audits of financial controls at the institutional police departments; and Internal Audit Department report for U. T. Pan American

This item was considered only by the Committee (see Committee Minutes).

5. U. T. System: Report on the Systemwide Compliance Office work plans for Fiscal Years 2010 and 2011

This item was considered only by the Committee (see Committee Minutes).

6. U. T. System: Report on efforts to update and enhance research conflicts of interest policies, procedures, and enforcement at U. T. System institutions

This item was considered only by the Committee (see Committee Minutes).

7. U. T. System: Report on Systemwide institutional compliance activities

This item was considered only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 32 - 126).--Committee Chairman Foster reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Approval of *Docket No. 139*

The Board approved *Docket No. 139* in the form distributed by the General Counsel to the Board of Regents. It is attached following Page 176 in the official copy of the *Minutes* and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective University of Texas System institution involved.

The Docket item related to appointment of William L. Henrich, M.D., as President of The University of Texas Health Science Center at San Antonio was approved, was found to be in the best interest of the U. T. System as required by *Texas Education Code* Section 51.948, and notice of action related to approval of the letter agreement had been provided to the Legislative Budget Board.

2. U. T. System: Key Financial Indicators Report and Monthly Financial Report

This item was considered only by the Committee (see Committee Minutes).

3. U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2009

The Board adopted the resolution that follows to provide for the most effective utilization of General Revenue Appropriations during the biennium beginning September 1, 2009.

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 81st Texas Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative

Appropriations (and/or Informational Items of Appropriation) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas – Pan American
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M. D. Anderson Cancer Center
The University of Texas Health Science Center at Tyler
The University of Texas System Administration

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

The Board approved allowing those institutions, as set forth in the table on Page 35, to exceed the number of full-time equivalent (FTE) employees paid from appropriated funds for Fiscal Year 2010 that are authorized in Article III of the General Appropriations Act. Also, as required by Article IX, Section 6.10 of the General Appropriations Act, the Board of Regents authorized submission of a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds.

[Note from the Secretary to the Board of Regents:
On September 1, 2009, the U. T. System Board of Regents submitted the required letter and supporting materials to the Governor's Office and the Legislative Budget Board.]

The General Appropriations Act places a limit on the number of FTE employees paid from appropriated funds that an institution may employ without written approval of the Governor and the Legislative Budget Board. To exceed the FTE limitation, a request must be submitted by the governing board and must include the date on which the board approved the request, a statement justifying the need to exceed the limitation, the source of funds to be used to pay the salaries, and an explanation as to why the functions of the proposed additional FTEs cannot be performed within current staffing levels.

The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Tyler, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas M. D. Anderson Cancer Center, The University of Texas Health Science Center at Tyler, and The University of Texas System Administration will be under the FTE cap and are not requesting to exceed the FTE limitation.

The University of Texas System
Request to Exceed Full-time Equivalent Limitation on Employees Paid From Appropriated Funds
For Period September 1, 2009 through August 31, 2010

Request to Exceed Cap - by Function

	Faculty	Staff	Total
Instruction	347.68	84.56	432.24
Academic Support	0.65	60.92	61.57
Research	64.80	72.81	137.61
Public Service	2.04	9.90	11.94
Hospitals and Clinics	-	-	-
Institutional Support	-	91.60	91.60
Student Services	-	34.47	34.47
Operations and Maintenance of Plant	-	64.40	64.40
Scholarships and Fellowships	-	0.99	0.99
Total	415.17	419.65	834.82

Request to Exceed Cap - by Institution

		Request to Exceed Cap			
	FY 2010 Cap	Faculty	Staff	Total	
U. T. Arlington	2,257.90	-	-	-	*
U. T. Austin	6,519.10	-	-	-	*
U. T. Brownsville	548.90	126.97	136.85	263.82	
U. T. Dallas	1,237.00	42.00	61.00	103.00	
U. T. El Paso	1,730.30	45.00	27.00	72.00	
U. T. Pan American	1,843.30	3.00	7.25	10.25	
U. T. Permian Basin	296.40	13.70	24.85	38.55	
U. T. San Antonio	2,258.90	52.10	54.00	106.10	
U. T. Tyler	487.10	-	-	-	*
Total Academic Institutions	17,178.90	282.77	310.95	593.72	
U. T. Southwestern Medical Center	2,025.20	29.20	20.80	50.00	
U. T. Medical Branch - Galveston	5,818.70	-	-	-	*
U. T. Health Science Center - Houston	1,873.30	-	-	-	*
U. T. Health Science Center - San Antonio	2,308.90	103.20	87.90	191.10	
U. T. M. D. Anderson Cancer Center	13,081.90	-	-	-	*
U. T. Health Science Center - Tyler	708.40	-	-	-	*
Total Health Institutions	25,816.40	132.40	108.70	241.10	
U. T. System Administration	247.00	-	-	-	*
U. T. System Total	43,242.30	415.17	419.65	834.82	

* U. T. Arlington, U. T. Austin, U. T. Tyler, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. M. D. Anderson Cancer Center, U. T. Health Science Center - Tyler, and U. T. System Administration will not exceed their cap.

5. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved amendments to the following Investment Policy Statements, including asset allocation; the Liquidity Policy; and the Derivative Investment Policy as set forth on the referenced pages:

a. Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), and Long Term Fund (LTF) Exhibit 1 (Pages 39 - 40)

b. Intermediate Term Fund (ITF) Exhibit 2 (Pages 41 - 42)

c. Liquidity Policy (Pages 43 - 46)

d. Derivative Investment Policy (Pages 47 - 52)

The amendments to the PUF and GEF Investment Policy Statement Exhibits are reflected in Exhibit 1 and will be consistently applied to the PUF and GEF Investment Policy Statement Exhibit A, and the corresponding Exhibit B to the PHF and LTF Investment Policy Statements. The amendments to the ITF Investment Policy Statement Exhibit A are reflected in Exhibit 2.

The Master Investment Management Services Agreement (IMSA) between The University of Texas System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Polices for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type, and such other matters as the U. T. System Board or its staff designees may request.

The UTIMCO Board approved the amendments on July 9, 2009. Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of UTIMCO, discussed UTIMCO's investment strategy, which included a discussion on the proposed changes to the Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy, at the U. T. System Board of Regents' joint meeting with the UTIMCO Board on July 9, 2009.

Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF and ITF have been amended to reflect changes to the Targets and Ranges for Asset Classes and Investment Types for Fiscal Year Ending (FYE) 2010. Targets and ranges through FYE 2011 that were previously approved are being eliminated and will be presented during next year's annual review.

In addition, the Exhibits reflect the names of two Policy Benchmark targets that have been changed: FTSE EPRA/NAREIT Global Index has changed to FTSE EPRA/NAREIT Developed Index and the Dow Jones-AIG Commodity Index Total Return has been changed to the Dow Jones-UBS Commodity Total Return Index. Barclays Capital Global High Yield Index has been deleted since there is no allocation to More Correlated & Constrained Fixed Income Credit-Related.

The Expected Target Annual Return (Active) has been deleted, and the one year downside deviation has been adjusted to reflect the revised Asset Class and Investment Type targets for FY 2010.

With respect to the ITF, the Expected Annual Return (Benchmark) target for FY 2010 has been updated and the Exhibit contains a new page to clarify Asset Class and Investment Type Ranges and Benchmarks.

The Short Term Fund (STF) Investment Policy Statement and the Separately Invested Funds (SIF) Investment Policy Statement have been reviewed by UTIMCO staff and there were no recommended changes. These investment policies were amended by the U. T. System Board on November 10, 2005 and July 13, 2006, respectively.

Amendments to the Liquidity Policy are as follows:

- Definition of Cash - "Holdings" has been expanded to include "any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAm by Standard and Poors."

- Liquidity Risk Measurement - Language has been added to require UTIMCO staff to categorize and report all individual investments within the Endowment Funds and ITF as follows:

    - Cash
    - Liquid (Weekly)
    - Liquid (Quarterly)
    - Liquid (Annual)

- The Liquidity Policy Profile for the Endowment Funds has been changed to eliminate the liquidity limits and trigger zones for FYE 2008 and 2011.

- The Liquidity Policy Profile for the ITF has been updated to eliminate FYE 2008, 2010, and 2011. (The liquidity limits and trigger zones for FYE 2010 and 2011 are the same as for FYE 2009.)

- "Unfunded Commitments" maximum permitted amounts have been changed for FYE 2010 and the maximum permitted amounts for FYE 2008 and 2011 have been eliminated.

- Reporting has been changed to require a detailed analysis of liquidity by category for the Endowment Funds and the ITF.

Amendments to the Derivative Investment Policy are as follows:

- Explicitly state those derivative investments in which UTIMCO staff is permitted to engage pursuant to the UTIMCO Board's delegation of authority. UTIMCO staff may only enter into Permitted Derivative Applications and then, only the five types of Derivative Investments set out on Exhibit B, Delegated Derivative Investments. Any Derivative Investment that does not meet these requirements, for derivative investments proposed by both UTIMCO staff and external managers operating under an Agency Agreement, will require UTIMCO staff to provide the UTIMCO Directors with an "Option to Review" the proposed derivative investment in the manner provided in the Delegation of Authority Policy before engaging in the derivative investment.

- Specifically state the documentation that must be maintained by UTIMCO staff and the reports that will be required to be made to the UTIMCO Board for accounting as well as risk reporting purposes.

EXHIBIT 1
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2009

POLICY PORTFOLIO		FYE 2010	
	Min	Target	Max
Asset Classes			
Investment Grade Fixed Income	5.0%	9.5%	20.0%
Credit-Related Fixed Income	3.0%	5.5%	30.0%
Real Estate	2.5%	4.5%	10.0%
Natural Resources	5.0%	9.0%	15.0%
Developed Country Equity	35.0%	52.5%	60.0%
Emerging Markets Equity	10.0%	19.0%	25.0%
Investment Types			
More Correlated & Constrained	35.0%	48.5%	55.0%
Less Correlated & Constrained	25.0%	30.0%	35.0%
Private Investments	17.5%	21.5%	32.5%

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE 2010
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index	3.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	5.5%
MSCI World Index with net dividends	19.0%
MSCI Emerging Markets with net dividends	13.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index	20.5%
NACREIF Custom Index	1.0%

POLICY/TARGET RETURN/RISKS	FYE 2010
Expected Annual Return (Benchmarks)	8.86%
One Year Downside Deviation	9.05%
Risk Bounds	
Lower: 1 Year Downside Deviation	85%
Upper: 1 Year Downside Deviation	115%

EXHIBIT 1
(continued)
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2009

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	**Barclays Capital Global Aggregate Index** (7.5)	2.0%	0.0%	**9.5%**
	Credit-Related	0.00%	3.0%	2.5%	**5.5%**
Real Assets	Real Estate	**FTSE EPRA/NAREIT Developed Index** (3.5)	0.0%	Custom NACREIF 1.0%	**4.5%**
	Natural Resources	**50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index** (5.5%)	1.0%	2.5%	**9.0%**
Equity	Developed Country	**MSCI World Index with Net Dividends** (19.0 %)	20.0%	13.5%	**52.5%**
	Emerging Markets	**MSCI EM Index with Net Dividends** (13.0%)	4.0%	2.0%	**19.0%**
Total		**48.5%**	**30.0%**	**21.5%**	**100.0%**

Yellow	Hedge Fund Research Indices Fund of Funds Composite Index
Blue	Venture Economics Custom Index

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

EXHIBIT 2 - INTERMEDIATE TERM FUND
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2009

POLICY PORTFOLIO	FYE 2010		
	Min	Target	Max
Asset Classes			
Investment Grade Fixed Income	30.0%	37.0%	45.0%
Credit-Related Fixed Income	0.0%	4.0%	12.0%
Real Estate	0.0%	5.0%	10.0%
Natural Resources	2.5%	8.5%	12.5%
Developed Country Equity	25.0%	33.0%	40.0%
Emerging Markets Equity	7.5%	12.5%	17.5%
Investment Types			
More Correlated & Constrained	60.0%	65.0%	70.0%
Less Correlated & Constrained	30.0%	35.0%	40.0%

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE 2010
Barclays Capital Global Aggregate Index	35.0%
FTSE EPRA/NAREIT Developed Index	5.0%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%
MSCI World Index with net dividends	10.0%
MSCI Emerging Markets with net dividends	7.5%
Hedge Fund Research Indices Fund of Funds Composite Index	35.0%

POLICY/TARGET RETURN/RISKS	FYE 2010
Expected Annual Return (Benchmarks)	7.28%
One Year Downside Deviation	5.34%
Risk Bounds	
Lower: 1 Year Downside Deviation	85%
Upper: 1 Year Downside Deviation	115%

EXHIBIT 2 - INTERMEDIATE TERM FUND
(continued)
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, 2009

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Total
Fixed Income	Investment Grade	**Barclays Capital Global Aggregate Index** (35.0%)	2.0%	**37.0%**
	Credit-Related	(0.0%)	4.0%	**4.0%**
Real Assets	Real Estate	**FTSE EPRA/NAREIT Developed Index** (5.0%)	0.0%	**5.0%**
	Natural Resources	**50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index** (7.5%)	1.0%	**8.5%**
Equity	Developed Country	**MSCI World Index with Net Dividends** (10.0%)	23.0%	**33.0%**
	Emerging Markets	**MSCI EM Index with Net Dividends** (7.5%)	5.0%	**12.5%**
Total		**65.0%**	**35.0%**	**100.0%**

Hedge Fund Research Indices Fund of Funds Composite Index

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

The University of Texas Investment Management Company
Liquidity Policy

Effective Date of Policy: August 20, 2009
Date Approved by U.T. System Board of Regents: August 20, 2009
Date Approved by UTIMCO Board: July 9, 2009
Original Effective Date of Policy: August 7, 2003
Supersedes: Liquidity Policy dated August 14, 2008

Purpose:

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, "liquidity" is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

Objective:

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

Scope:

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

Definition of Liquidity Risk:

"Liquidity risk" is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions. Modern finance theory asserts that liquidity risk is a systematic risk factor that is incorporated into asset prices such that future longer-term returns will be higher for assets with higher liquidity risk, although that may not be the case in the short term.

Definition of Cash:

Cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAm by Standard & Poors,
- the Custodian's late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody's Investor Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of one day to less than 90 days in an orderly market at a discount of 10% or less.

- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of 90 days or more or in a shorter period of time by accepting a discount of more than 10%.

UTIMCO staff will report individual investments within the Endowment Funds and ITF categorized as follows:

- Cash: Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.

- Liquid (Weekly)**:** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.

- Liquid (Quarterly): Investments that could be converted to Cash within a period of one day to less than 90 days in an orderly market at a discount of 10% or less.

- Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Risk Committee, in determining the appropriate liquidity category for each investment.

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies "trigger zones" requiring special review by UTIMCO staff and special action by the UTIMCO Board or the Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

Liquidity Policy Profile:

The current Liquidity Policy Profile ranges and trigger zones for each of the Endowment Funds are defined by the table below:

	FY 09	FY 10+
Liquidity above trigger zone:	35.0%	30.0%
Liquidity within trigger zone:	30.0%-35.0%	25.0%-30.0%
Liquidity below trigger zone:	<30.0%	<25.0%

Investments that maintain liquidity below the trigger zone do not require any action by the UTIMCO Board or the Risk Committee. Liquidity within the trigger zone requires special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for **illiquid** investments in FY 09 is up to 70.0% of the total portfolio. However, any **illiquid** investments made in the 65.0% to 70.0% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

The current Liquidity Policy Profile ranges and trigger zones for the ITF are defined by the table below:

	FY 09+
Liquidity above trigger zone:	65%
Liquidity within trigger zone:	55%-65%
Liquidity below trigger zone:	<55%

The allowable range for **illiquid** investments is 0% to 45% of the total portfolio for the ITF. However, any **illiquid** investments made in the 35% to 45% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

Unfunded Commitments:

As used herein, "unfunded commitments" refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

	FY 09	**FY 10+**
Unfunded Commitment as a percent of total invested assets:	27.5%	30.0%

No new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.

Documentation and Controls:

Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments for each Endowment Fund. The determination of liquidity will include underlying security trading volumes, notice periods, redemption dates, lock-up periods, and "soft" and "hard" gates. These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

Reporting:

The actual liquidity profiles of the Endowment Funds and the ITF, including a detailed analysis of liquidity by category, and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

The University of Texas Investment Management Company
Derivative Investment Policy

Effective Date of Policy: August 20, 2009
Date Approved by U.T. System Board of Regents: August 20, 2009
Date Approved by UTIMCO Board: July 9, 2009
Supersedes: Derivative Investment Policy approved December 6, 2007

Purpose:

The purpose of the Derivative Investment Policy is to set forth the applications, documentation and limitations for investment in derivatives in the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Intermediate Term Fund (ITF), and the Separately Invested Funds (SIF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds to allow for investment in derivatives provided that their use is in compliance with UTIMCO's Board approved Derivative Investment Policy. This Derivative Investment Policy supplements the Investment Policy Statements for the Funds.

Objective:

The objective of investing in derivatives is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivatives can provide the Funds with more economical means to improve the Funds' risk/return profile.

Scope:

This Policy applies to all derivatives in the Funds executed by UTIMCO staff and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, offshore corporations, or other Limited Liability Entities that limit the liability exposure of the Funds' investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both exchange traded derivatives and over the counter (OTC) derivatives. This Policy shall not be construed to apply to index or other common or commingled funds that are not controlled by UTIMCO. These commingled investment vehicles are governed by separate investment policy statements.

External Managers:

External managers are selected to manage the Funds' assets under either an Agency Agreement or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in derivative investments only if (i) such manager has been approved to use derivatives by the UTIMCO Chief Investment Officer and (ii) the investments are consistent with the overall investment objectives of the account and in compliance with this Policy. The use of derivatives by an external manager operating under an Agency Agreement shall be approved by the UTIMCO Chief Investment Officer only for external managers that (i) demonstrate investment expertise in their use, (ii) have appropriate risk management and valuation policies and procedures, and (iii) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers' use of derivatives, particularly as it relates to various risk controls and leverage. The permitted uses of derivatives and leverage must be fully documented in the limited liability agreements with these managers.

Definition of Derivatives:

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments but shall not include a broader range of securities, including mortgage backed securities, structured notes, convertible bonds, and exchange traded funds (ETFs). Derivatives may be purchased through a national or international exchange or through an OTC direct arrangement with a counterparty. Refer to the attached Exhibit A for a glossary of terms.

Permitted Derivative Applications:

The primary intent of derivatives should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash market.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash market securities;
- To hedge and control risks; or
- To facilitate transition trading;

provided however, that after implementing any Derivative Investment, the Funds' projected downside deviation is within the Funds' projected downside deviation range and risk bounds, and the Asset Class and Investment Type exposures are within permissible ranges as set forth in the Funds' Investment Policy Statements.

UTIMCO staff may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent that a Derivative Investment is a Permitted Derivative Application but is not within the delegated authority as set forth on Exhibit B, the UTIMCO Board will be provided with an "Option to Review" following the process outlined in Exhibit A to the Delegation of Authority Policy. This "Option to Review" applies to any new Derivative Investment recommended by UTIMCO staff and approved by UTIMCO's Chief Investment Officer that is not within the delegated authority set forth on Exhibit B or the engagement of an external manager operating under an Agency Agreement that seeks to engage in a Derivative Investment that is not within the delegated authority set forth on Exhibit B. Notwithstanding, with respect to any Derivative Investment, UTIMCO's Chief Investment Officer, the Risk Manager, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at a UTIMCO Board meeting is warranted before engaging in the Derivative Investment.

Documentation and Controls:

Prior to the implementation of a new Derivative Investment by UTIMCO staff, UTIMCO staff shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class and Investment Type exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO staff shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures to monitor daily the risk of internally managed and of externally managed accounts operating under an Agency Agreement that utilize derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

Additional Limitations:

Leverage: Leverage is inherent in derivatives since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the Cash markets, where in most cases the cash outlay is equal to the asset acquired, Derivative Investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional Cash market portfolio. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of leverage that can be utilized by the Funds whereby, the total Asset Class and Investment Type exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 105% (100% in the ITF) of the Asset Class and Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash.

Counterparty Risks: In order to limit the financial risks associated with Derivative Investments, rigorous counterparty selection criteria and netting agreements shall be required to minimize counterparty risk for over the counter (OTC) derivatives. Any counterparty in an OTC derivative transaction with the Funds must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's). All OTC derivatives must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In the event a counterparty is downgraded below the minimum credit rating requirements stated above, UTIMCO staff will take appropriate action to protect the interests of the Funds, including availing itself of all potential remedies contained in the ISDA agreements, The net market value, net of collateral postings, of all OTC derivatives for any individual counterparty may not exceed 1% of the total market value of the Funds.

Risk Management and Compliance:

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market on a daily basis by the Funds' custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Risk Manager. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Risk Manager.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately to the UTIMCO Chief Compliance Officer and the UTIMCO Chief Investment Officer, who will determine the appropriate remedy and report promptly to the Chairs of the Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board.

Reporting:

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO's Board and the Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds' Investment Policy Statements shall incorporate the impact of leverage associated with derivatives. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Risk Manager will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class and Investment Type, including the full effect on risk of the derivatives in each. The UTIMCO Risk Manager will calculate risk attribution for each Derivative Investment.

Derivative Investment Policy Exhibit A
Glossary of Terms

Agency Agreement – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds but does not limit the liability of the Funds for actions taken by that agent.

Basket – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

Cash market - The physical market for a commodity or financial instrument.

Counterparty - The offsetting party in an exchange agreement.

Derivative Investment – An investment in a futures contract, forward contract, swap, and all forms of options.

Exchange traded derivatives - A Derivative Investment traded on an established national or international exchange. These derivatives "settle" daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 futures contracts and Goldman Sachs Commodities Index futures contracts.

Forward contract - A nonstandardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

Futures contract - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

ISDA Netting Agreement - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted "Master Agreements," a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each counterparty. These netting agreements require that exposures between counterparties will be "netted" so that payables and receivables under all existing derivatives between two counterparties are offset in determining the net exposure between the two counterparties.

Limited Liability Entity – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships, corporations, or other such entities that limit the liability of external investors to the current value of the external investors' investment in the entity.

Option - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

Over the counter (OTC) derivatives - A derivative which results from direct negotiation between a buyer and a counterparty. The terms of such derivatives are nonstandard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and forward contracts, interest rate swaps, and collars.

Replicating Derivatives – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash market security.

Swap - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

Derivative Investment Policy Exhibit B
Delegated Derivative Investments

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally futures contracts and swaps on a passive index, Basket or commodity.

2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash index being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced index be within a certain range and may also include the selling of put options.

3. Derivative Investments whereby the maximum loss is limited to the premium paid for the Derivative Investment, regardless of notional value. The aggregate prorated annual premium of all Derivative Investments under this provision shall not exceed 25 basis points of the Fund value.

4. Futures contracts and forward contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk by UTIMCO staff.

5. Derivative Investments used to manage bond duration or hedge equity exposure to countries, sectors or capitalization factors within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those factors. An example of such a hedge is selling futures contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.

The delegated authority set forth above should not be construed to permit UTIMCO staff to enter into Derivative Investments that are unhedged or 'naked' short positions containing unlimited loss.

Notwithstanding the delegated authority set forth above, if the notional value of a new Derivative Investment exceeds thirty-three percent (33%) of the overall Fund value, UTIMCO's Chief Investment Officer must request approval from the UTIMCO Chairman before entering into the new Derivative Investment. If the new Derivative Investment is approved by the UTIMCO Chairman and executed, UTIMCO's Chief Investment Officer shall make a presentation to the UTIMCO Board regarding the details of the Derivative Investment at its next regularly scheduled meeting.

Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

6. U. T. System Board of Regents: Approval of the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommended and the Board approved the amended and restated UTIMCO Compensation Program (Plan) effective July 1, 2009, as set forth on Pages 57 - 96. The Plan was approved by the UTIMCO Board on July 9, 2009, and amends and restates the UTIMCO Compensation Program that was approved by the U. T. Board on August 14, 2008 (Prior Plan). The Plan is to be effective for the Plan Year beginning July 1, 2009.

The Prior Plan consists of two elements: base salary and an annual incentive plan. Except as noted in the discussion below, the Plan maintains the structure of the Prior Plan with minor editorial changes but supersedes the Prior Plan.

The UTIMCO Board engaged Mercer as its compensation consultant to review the design of the Plan and to provide advice and counsel to the UTIMCO Board and the UTIMCO Compensation Committee. The Board of Regents separately engaged Buck Consultants to provide an opinion as to the appropriateness and reasonableness of the Plan, and to ensure that the compensation arrangements for UTIMCO meet the standards of good governance.

Extraordinary Circumstances Provisions

Language has been inserted in Sections 3, 5.5(c) and (e), 7.3, and Appendix A, and Section 5.11 and Appendix E have been added to incorporate Extraordinary Circumstances provisions in the Plan. Definitions for "Affected Participant," "Extraordinary Nonvested Deferral Award," and "Extraordinary Nonvested Deferral Award Account" have been added to Section 8, Definition of Terms, to incorporate new terminology in the Plan related to the Extraordinary Circumstances provisions. The Extraordinary Circumstances provisions relate to the modification and/or deferral of incentive awards when certain extraordinary circumstances occur. Only certain eligible positions, designated as "Affected Participants" and included in Appendix E, are affected by the Extraordinary Circumstances provisions. Four events trigger an Extraordinary Circumstance:

- If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are negative at the end of such Performance Period, the entire award would be deferred. The part of the award that would have been paid under normal circumstances would be deferred until the first anniversary of the Performance Period. See Section 5.11 (a) on Pages 73 - 74.

- If the Net Returns of the Total Endowment Assets since the end of the Performance Period for which Performance Periods are being determined are a negative 10% or below on the date the UTIMCO Board approves the award (measured as of the most recent month-end for which performance data are available), the entire award would be deferred. The part of the award that would have been paid under normal circumstances would be deferred until the first anniversary of the Performance Period. See Section 5.11 (b) on Page 74.

- If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 5% at the end of such Performance Period, the Performance Incentive Awards for certain Participants will be reduced by 10% for each percentage point or portion thereof. For example, a negative return of 6.01% will result in a reduced Performance Incentive Award of 20%. Appendix A, Part II, Step 14 documents the reduction of the Performance Incentive Awards by percentage point. An award is completely eliminated when the return is a negative 14.01% and below. See Section 5.11 (c) on Page 74.

- If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are in excess of positive 20% at the end of such Performance Period, the Performance Incentive Awards for certain Participants will be increased by 10% for each percentage point or portion thereof. For example, a return of 22.01% will result in an increased Performance Incentive Award of 30%. Appendix A, Part II, Step 14 documents the increase of the Performance Incentive Awards by percentage point. An award may be doubled if the return is 29.01% or above. See Section 5.11 (d) on Pages 74 - 75.

In Section 3, the language added relates to the Extraordinary Circumstances provisions and clarifies that maximum total compensation is targeted at the 90th percentile during a Performance Period when Net Returns of the Total Endowment Assets at the end of such Performance Period exceeds 20%.

Award Deferrals

Section 5.6 was changed to require each Eligible Position to defer a portion of the Performance Incentive Award (ranging from 50% for the CEO to 0% for the analysts) in accordance with the deferral percentages listed on Table 1 in Appendix C rather than an automatic 30% deferral for all Eligible Positions as provided in the Prior Plan. A column for "Percentage of Award Deferred" on Table 1 has been added. A definition for "Applicable Deferral Percentage" has been added to Section 8, Definition of Terms.

Recovery of Performance Incentive Awards
Section 5.12 has been added to the Plan to allow for recovery of Performance Incentive Awards paid to or deferred by an employee if the UTIMCO Board determines that the employee engaged in fraud or misconduct during a Performance Period.

Other

- Language has been added to Section 3 to explain that UTIMCO's "Total Compensation Program Philosophy" is not intended to modify any of the substantive provisions of the document.

- Sections 5.7 and 5.10 have been changed to allow for the vesting of a Participant's Nonvested Deferred Awards when a Participant's employment with UTIMCO terminates without cause. Definitions for "Involuntary Termination for Cause," "Cause," "Involuntary Termination," "Termination," and "Voluntary Terminations" have been added to Section 8, Definition of Terms, on Pages 80 - 82.

- Section 5.8(b)(1) has been changed to clarify that the Tables in Appendix D will be updated in subsequent periods when benchmarks for each asset class and investment type as well as threshold, target, and maximum performance standards are updated by the UTIMCO Board.

- Section 5.9(b) has been deleted. The language provided the mechanics for measuring the Intermediate Term Fund's (ITF) performance when the existence of the ITF was less than three years. Since the ITF will be in existence more than three years beginning with the Performance Period ended June 30, 2010, this language has been deleted.

- Table 1 in Appendix C on Page 91 has been added for the Performance Periods beginning after June 30, 2009, and has been updated for changes to weightings and incentive award opportunities.

- Table 2 in Appendix D on Page 93 has been added for the July 1, 2009 to June 30, 2010 Performance Period. The new benchmarks and performance standards incorporated in Table 2 were approved by the UTIMCO Board on July 9, 2009, and are now being submitted for approval by the U. T. Board. The following changes have been made to the Performance Standards for the performance period July 1, 2009 to June 30, 2010:

    - Investment Grade Fixed Income and Internal Investment Grade Fixed Income: Target and Maximum standards increased to

25 basis points (bps) and 50 bps, respectively. Previously, standards were 12.5 bps target and 25 bps maximum.

- Credit-Related Fixed Income: Target and Maximum standards increased to 37.5 bps and 75 bps, respectively. Previously, standards were 25 bps target and 50 bps maximum.

- Real Estate: Target and Maximum standards increased to 50 bps and 100 bps, respectively. Previously, standards were 37.5 bps target and 75 bps maximum.

- Natural Resources: Target and Maximum standards increased to 50 bps and 100 bps, respectively. Previously, standards were 37.5 bps target and 75 bps maximum.

- Developed Country: Target and Maximum standards increased to 62.5 bps and 125 bps, respectively. Previously, standards were 35 bps target and 70 bps maximum.

- Private Real Estate: Target and Maximum standards increased to 100 bps and 200 bps, respectively. Previously, standards were 37.5 bps target and 75 bps maximum.

- Based on the methodology previously employed to develop the Performance Standards under the Plan, a change to the Target and Maximum Performance Standards for the Entity Benchmark of the Total Endowment Fund and the ITF is required. The Total Endowment Assets Target and Maximum Performance Standards would be increased to 75 bps and 150 bps, respectively.

- Previously, standards were 62.5 bps target and 125 bps maximum. The ITF's Target and Maximum Performance Standards would be increased to 50 and 100 bps, respectively. Previously, standards were 37.5 bps target and 75 bps maximum.

UTIMCO
COMPENSATION PROGRAM

Amended and Restated
Effective July 1, 2009

TABLE OF CONTENTS

1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

The UTIMCO Compensation Program ("Compensation Program" or "Plan") consists of two elements**:** base salary and an annual incentive plan (the "Performance Incentive Plan"):

Base Salary + Performance Incentive = Total Compensation

The base salary portion of the Compensation Program sets forth a structure and guidelines for establishing and adjusting the salaries of key investment and operations staff employees. The Performance Incentive Plan portion of the Compensation Program sets forth the criteria for calculating and receiving annual incentive awards for key investment and operations staff who are eligible Participants in the Performance Incentive Plan. Provisions of the Compensation Program relating solely to the base salary portion of the Compensation Program are described in Section 4. Provisions of the Compensation Program relating solely to the Performance Incentive Plan portion of the Compensation Program are described in Section 5. Sections 1, 2, 3, 6, 7, and 8 of the Compensation Program relate to both the base salary portion and the Performance Incentive Plan portion except where otherwise specified in any such Section.

Effective Date: Except as provided in Section 7.9, this document, with an "Effective Date" of July 1, 2009, supersedes the UTIMCO Compensation Program that was effective July 1, 2008.

2. COMPENSATION PROGRAM OBJECTIVES

UTIMCO's Compensation Program serves a number of objectives:

- To attract and retain key investment and operations staff of outstanding competence and ability.
- To encourage key investment staff to develop a strong commitment to the performance of the assets for which UTIMCO has been delegated investment responsibility.
- To motivate key investment staff to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk.
- To facilitate teamwork so that members of UTIMCO operate as a cohesive group.

3. TOTAL COMPENSATION PROGRAM PHILOSOPHY[1]

UTIMCO aspires to attract and retain high caliber employees from nationally recognized peer institutions and the investment management community in general. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, and for-profit investment management firms with a similar investment philosophy (e.g., externally managed funds).

UTIMCO's total Compensation Program is positioned against the competitive market as follows:

- Base salaries are targeted at the market median (e.g., 50th percentile).

- Target total compensation (salary plus target Incentive Award Opportunity) is positioned at the market median.

- Maximum total compensation (salary plus maximum Incentive Award Opportunity) is targeted at the market 75th percentile if individual performance is outstanding; provided that if individual performance is outstanding during a Performance Period when endowment investment performance at the end of such Performance Period exceeds 20%, maximum total compensation (salary plus maximum Incentive Award Opportunity modified when Net Returns on Total Endowment Assets exceed 20%) for Affected Participants is targeted at the 90th percentile. (For this purpose, 0 is the lowest point and 100 is the highest.)

Although base salaries, as well as target and maximum total compensation, have a targeted positioning relative to market, an individual employee's actual total compensation may vary from the targeted positioning based on the individual's experience, education, knowledge, skills, and performance as well as UTIMCO's investment performance as described in this document. Except as provided in Sections 5.8 and 5.9 for purposes of determining the length of historical performance, base salaries and Incentive Award Opportunities (as well as the actual Performance Incentive Awards) are not determined based on seniority at UTIMCO.

4. BASE SALARY ADMINISTRATION

4.1. Salary Structure

(a) Base salaries are administered through a Salary Structure as set forth in this Section 4.1. Each employment position has its own salary range, with the midpoint set approximately equal to the market median base salary for employment positions with similar job content and level of responsibility.

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[1] This explanation of UTIMCO's "Total Compensation Program Philosophy" is not intended to modify any of the substantive provisions of this document.

(b) The salary range midpoints will be determined by the Compensation Committee based on consultation with an outside compensation consultant and with UTIMCO management. Salary range midpoints for key management, investment, and operations positions will be updated at least every three years based on a salary benchmarking study conducted by a qualified compensation consultant selected by the Compensation Committee. In years in which the Compensation Committee does not commission a formal salary survey, the base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in one or more published compensation planning surveys.

4.2. Salary Adjustments

(a) The base salary of the CEO is determined by the Board. The base salary of the Chief Compliance Officer ("CCO") will be determined by the Compensation Committee based on the joint recommendation of the Audit and Ethics Committee and the CEO and the base salaries of the other key investment and operations employees are determined by the Compensation Committee**.** Base salaries will be set within the salary range for each employment position. An individual's base salary within the range may be higher or lower than the salary range midpoint based on his or her level of experience, education, knowledge, skills, and performance. On an exception basis, the Board may set individual base salaries outside of the salary range if an individual either substantially exceeds or does not meet all of the market criteria for a particular position.

(b) Individuals may receive an annual adjustment (increase or decrease) of their base salaries at the discretion of the Compensation Committee or, in the case of the CEO, at the discretion of the Board. Base salary adjustments, if any, will be determined based on each individual employee's experience, education, knowledge, skills, and performance; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. Employees are not guaranteed an annual salary increase.

5. PERFORMANCE INCENTIVE PLAN

5.1. Purpose of the Performance Incentive Plan

The purpose of the Performance Incentive Plan is to provide annual Performance Incentive Awards to eligible Participants based on specific objective criteria relative to UTIMCO's and each Participant's performance. The primary objectives of the Performance Incentive Plan are outlined in Section 2.

5.2. Performance Period

(a) For purposes of the Performance Incentive Plan, the "Performance Period" begins on July 1 of each year and ends the following June 30.

(b) Except as otherwise provided under Sections 5.8 and 5.9, performance for each year in the historical performance period will be measured between July 1 and the following June 30 of the applicable year for gauging achievement of the Entity and Asset Class/Investment Type Performance Goals.

5.3. Eligibility and Participation

(a) Each employee of UTIMCO will be a "Participant" in the Performance Incentive Plan for a Performance Period if (and only if) he or she is both (i) employed by UTIMCO in an employment position that is designated as an "Eligible Position" for that Performance Period and (ii) selected by the Board as eligible to participate in the Performance Incentive Plan for that Performance Period. "Eligible Positions" for a Performance Period include senior management, investment staff, and other key positions as designated by the CEO and approved by the Board as Eligible Positions for that Performance Period. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period, and each Eligible Position must be confirmed or re-confirmed by the Board as being an "Eligible Position" for the applicable Performance Period. Similarly, an employee who is eligible to participate in the Performance Incentive Plan in one Performance Period is not automatically eligible to participate in any subsequent Performance Period (notwithstanding that such employee may be employed in an Eligible Position in that subsequent Performance Period), and each employee must be designated or re-designated by the Board as being eligible to participate in the Performance Incentive Plan for the applicable Performance Period. The Board will confirm the Eligible Positions and designate the eligible employees who will become Participants for a Performance Period within the first 90 days of the Performance Period or, if later, as soon as administratively feasible after the start of the Performance Period. The Board in its discretion may also designate the employment position of a newly hired or promoted employee as an "Eligible Position" and may designate such newly hired or promoted employee as eligible to participate in the Performance Incentive Plan for a Performance Period (or remainder of a Performance Period) within 30 days of such hire or promotion or, if later, as soon as administratively feasible after such hire or promotion**.** A list of Eligible Positions for each Performance Period is set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the Eligible Positions for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period, and such revised Table 1 will be attached as Appendix C.

(b) An employee in an Eligible Position who has been selected by the Board to participate in the Performance Incentive Plan will become a Participant on the later of (i) the date he or she is employed in an Eligible Position or (ii) the date he or she is selected by the Board to participate in the Performance Incentive Plan; provided, however, that the Board in its discretion may designate any earlier or later date (but not earlier than such employee's date of hire and not later than such employee's date of Termination of employment) upon which such employee will become a Participant, and such employee will instead become a Participant on such earlier or later date. The preceding notwithstanding, except as provided below, an employee may not commence participation in the Performance Incentive Plan and first become a Participant during the last six months of any Performance Period; provided however, that the Board may select an employee to participate in the Performance Incentive Plan during the last six months of the Performance Period when compelling individual circumstances justify a shorter period of time and such circumstances are recorded in the minutes of a meeting of the Board in which event participation of the employee in the Performance Incentive Plan will begin on the participation date selected by the Board for the employee but not earlier than the employee's date of hire (assuming such employee is employed by UTIMCO in an Eligible Position on such date).

(c) An employee will cease to be a Participant in the Performance Incentive Plan on the earliest to occur of: (i) the date such employee is no longer employed in an Eligible Position; (ii) the date of Termination of such employee's employment with UTIMCO for any reason (including Voluntary Termination and Involuntary Termination, death, and Disability); (iii) the date of termination of the Performance Incentive Plan; (iv) the date such employee commences a leave of absence; (v) the date such employee begins participation in any other UTIMCO incentive program; (vi) the date the Board designates that such employee's employment position is not an Eligible Position (or fails to designate the employee's employment position as an Eligible Position with respect to a Performance Period); or (vii) any date designated by the Board as the date on which such employee is no longer a Participant.

(d) Except as provided in Sections 5.10(b) and (c), only individuals who are Participants on the last day of a Performance Period are eligible to receive Performance Incentive Awards under the Performance Incentive Plan for that Performance Period.

5.4. Performance Goals

(a) Within the first 60 days of each Performance Period, except as provided below, the CEO will recommend goals ("Performance Goals") for each Participant (other than the Performance Goals for the CEO, which are determined as provided in Section 5.4(c), and the Performance Goals for employees who are hired or promoted later during a Performance Period) subject to approval by the Compensation Committee within the first 90 days of the Performance Period. The CEO will also recommend Performance Goals for employees who are hired or promoted during the Performance Period and become Participants at the time those employees are designated as Participants (with such Performance Goals subject to confirmation by the Compensation Committee as soon as administratively feasible after such Performance Goals are recommended). If the position of the CCO is determined to be an Eligible Position and the employee in the Eligible Position has been designated by the Compensation Committee as a Participant in the Performance Incentive Plan for the Performance Period, the Performance Goals of the employee holding the position of CCO will be determined jointly by the Audit and Ethics Committee and the CEO. References to the CCO hereafter assume that the position of CCO has been determined to be an Eligible Position and the employee holding the position of CCO has been determined to be a Participant in the Performance Incentive Plan for the Performance Period. If the position of CCO has not been determined to be an Eligible Position for the Performance Period the provisions hereafter specific to the CCO have no force and effect.

(b) There are three categories of Performance Goals:

(1) Entity Performance (measured as described in Section 5.8(a))

(2) Asset Class/Investment Type Performance (measured as described in Section 5.8(b))

(3) Qualitative Performance (measured as described in Section 5.8(c))

Except for the CEO and CCO, Qualitative Performance Goals will be defined jointly by each Participant and his or her supervisor, subject to approval by the CEO and subject to final approval by the Compensation Committee. Qualitative Performance Goals for the CCO will be defined jointly by the Audit and Ethics Committee and the CEO. Qualitative Performance Goals may be established in one or more of the following areas:

- Leadership
- Implementation of operational goals
- Management of key strategic projects
- Effective utilization of human and financial resources
- UTIMCO investment performance relative to the Peer Group

(c) The CEO's Performance Goals will be determined and approved by the Board.

(d) Each Performance Goal for each Eligible Position is assigned a weight for the Performance Period. The Audit and Ethics Committee and the CEO will jointly recommend to the Compensation Committee the weightings of the Performance Goals for the CCO. For each Performance Period, the Compensation Committee will approve (or adjust as it deems appropriate) the weightings of the Performance Goals at the same time it approves the Performance Goals. The weightings for each Eligible Position are set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the weightings for the Eligible Positions for that Performance Period as soon as administratively practicable after such weightings are approved by the Compensation Committee for such Performance Period. Notwithstanding the identified weighting for a Performance Goal for an Eligible Position, the Compensation Committee, may adjust the weightings (up or down) for any Participant for a Performance Period when it considers the identified weighting for a Performance Goal to be inappropriate for such Participant because of his or her length of service with UTIMCO, his or her tenure in the respective Eligible Position, his or her prior work experience, or other factors as deemed appropriate by the Compensation Committee; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. The weightings for the Performance Goals for each Performance Period are subject to approval by the Board.

5.5. Incentive Award Opportunity Levels and Performance Incentive Awards

(a) At the beginning of each Performance Period, each Eligible Position is assigned an "Incentive Award Opportunity" for each Performance Goal for the Participants in that Eligible Position. The Audit and Ethics Committee and CEO will jointly recommend the Incentive Award Opportunity for the CCO to the Compensation Committee. Each Incentive Award Opportunity is determined by the Compensation Committee (and subject to approval by the Board) and is expressed as a percentage of base salary earned during the Performance Period. The Incentive Award Opportunities include a threshold, target, and maximum award for achieving commensurate levels of performance of the respective Performance Goal.

(b) Incentive Award Opportunities for each Performance Period are set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the Incentive Award Opportunities for that Performance Period as soon as administratively practicable after approval of the Incentive Award Opportunities by the Board for such Performance Period, and such revised Table 1 will be attached as Appendix C.

(c) Actual "Performance Incentive Awards" are the amounts that are actually awarded to Participants for the respective Performance Period. Actual Performance Incentive Awards will range from zero (if a Participant performs below threshold on all Performance Goals or, pursuant to Section 5.11(c) in the case of Affected Participants, Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below a negative 14.01% at the end of such Performance Period) to the maximum Incentive Award Opportunity (if a Participant performs at or above maximum on all Performance Goals) depending on performance relative to objectives; provided that, pursuant to Section 5.11(d), actual Performance Incentive Awards for Affected Participants may exceed the maximum Incentive Award Opportunity if the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined exceed positive 20.0% at the end of such Performance Period. Awards are capped at maximum levels regardless of whether a Participant exceeds the stated maximum Performance Goals.

(d) Following the end of each Performance Period, the Compensation Committee will review the actual performance of each Participant against the Performance Goals of the respective Participant and determine the Participant's level of achievement of his or her Performance Goals. The Compensation Committee will seek, and may rely on, the independent confirmation of the level of Performance Goal achievement from an external investment consultant to evaluate Entity Performance and Asset Class/Investment Type Performance. The CEO will submit a written report to the Compensation Committee, which documents the Participant's performance relative to the Participant's Performance Goals set at the beginning of the Performance Period, and upon which the Compensation Committee may rely in evaluating the Participant's performance. The Audit and Ethics Committee and the CEO will jointly determine the CCO's level of achievement relative to the CCO's Performance Goals. The Board will determine the CEO's level of achievement relative to the CEO's Performance Goals.

(e) Performance Incentive Awards will be calculated for each Participant based on the percentage achieved of each Performance Goal, taking into account the weightings for the Participant's Entity Performance, Asset Class/Investment Type Performance, and Qualitative Performance Goals and each Participant's Incentive Award Opportunity; provided that, Performance Incentive Awards of Affected Participants will be (i) increased if the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined exceed positive 20.0% at the end of such Performance Period and (ii) decreased if the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 5.0% at the end of such Performance Period, all pursuant to Section 5.11. The methodology for calculating Incentive Award Opportunities and Performance Incentive Awards is presented on Appendix A. Performance Incentive Awards will be interpolated in a linear fashion between threshold and target as well as between target and maximum.

(f) Within 150 days following the end of a Performance Period, the Compensation Committee will review all Performance Incentive Award calculations, based on the certification of its advisors, and make any changes it deems appropriate. The Compensation Committee will submit its recommendations to the Board for approval. Subject to the provisions of Section 7.1, the Board will approve Performance Incentive Awards.

(g) Following the approval of a Performance Incentive Award by the Board, each Participant will be notified as to the amount, if any, of his or her Performance Incentive Award as well as the terms, provisions, conditions, and limitations of the Nonvested Deferred Award portion of such Performance Incentive Award.

5.6. Form and Timing of Payouts of Performance Incentive Awards

Except as provided in Sections 5.11 and 5.12, approved Performance Incentive Awards will be paid as follows:

(a) Subject to the Applicable Deferral Percentage of an Eligible Position as documented in Table 1, which is attached as Appendix C, the Performance Incentive Award will be paid to the Participant ("Paid Performance Incentive Award") within 150 days of the completion of the Performance Period on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the Performance Period ends, and

(b) An amount of the Performance Incentive Award for an Eligible Position equal to the Applicable Deferral Percentage set forth on Table 1 will be treated as a "Nonvested Deferred Award" subject to the terms of Section 5.7 and paid in accordance with that Section. Table 1 will be revised each Performance Period to set forth any Applicable Deferral Percentage for each Eligible Position as soon as administratively practicable after approval of the deferral percentages by the Board for such Performance Period and such revised Table 1 will be attached as Appendix C.

5.7. Nonvested Deferred Awards

(a) For each Performance Period, a hypothetical account on UTIMCO's books ("Nonvested Deferred Award Account") will be established for each Participant. As of the date that the corresponding Paid Performance Incentive Award is paid to the Participant, each Participant's Nonvested Deferred Award for a Performance Period will be credited to his or her Nonvested Deferred Award Account established for that Performance Period; provided, however, that, in the case of any Participant whose Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.12 on the date such Nonvested Deferred Award would be so credited to his or her Nonvested Deferred Award Account, such Nonvested Deferred Award will not be credited to such Participant's Nonvested Deferred Award Account. The Nonvested Deferred Award Accounts will be credited (or debited) monthly with an amount equal to the net investment returns of the Total Endowment Assets ("Net Returns") for the month multiplied by the balance of the respective Participant's Nonvested Deferred Award

Account(s) as of the last day of the month. When the Nonvested Deferred Award is initially credited to the Nonvested Deferred Award Account, the Nonvested Deferred Award Account will be credited (or debited) with Net Returns for the month of the initial credit of a Nonvested Deferred Award, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Nonvested Deferred Award Account. Participants are not entitled to their Nonvested Deferred Award Accounts unless and until they become vested in those accounts in accordance with Section 5.7(b).

(b) Unless a Participant's Nonvested Deferred Award has been forfeited pursuant to Section 5.10(a) or Section 5.12, such Participant will become vested in, and entitled to payment of, his or her Nonvested Deferred Award Account for each respective Performance Period according to the following schedule:

(1) On the first anniversary of the last day of the Performance Period for which the Nonvested Deferred Award was earned, one third of the amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

(2) On the second anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, one half of the amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

(3) On the third anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, the remaining amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.

(4) Nonvested Deferred Award Accounts payable under the above paragraphs of this Section 5.7(b) will be paid on a date selected in the discretion of UTIMCO after the applicable portion of any such Nonvested Deferred Award Account becomes vested and in no event later than the last day of the calendar year in which the applicable portion of such Nonvested Deferred Award Account becomes vested.

5.8. Performance Measurement Standards

(a) Entity Performance

(1) Entity Performance for purposes of the Performance Incentive Plan is the performance of the Total Endowment Assets (weighted at 85%) and the Intermediate Term Fund (weighted at 15%).

(2) The performance of the Total Endowment Assets is measured based on the TEA's performance relative to the TEA Policy Portfolio Return (TEA benchmark).

(3) The performance of the Intermediate Term Fund will be measured based on the performance of the ITF relative to the ITF Policy Portfolio Return (ITF benchmark). The performance standards related to the Intermediate Term Fund for the Performance Period beginning July 1, 2007, are reflected in Table 2 on Appendix D. Performance standards related to the ITF for each Performance Period beginning after June 30, 2008, will be set forth on a revised table for each such Performance Period and set forth on Appendix D as soon as administratively practicable after such standards are determined. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the ITF.

(4) Except as provided in Section 5.9, performance of the Total Endowment Assets (based on the TEA benchmark) and the Intermediate Fund (based on the ITF benchmark) will be measured based on a three-year rolling historical performance of each such fund.

(b) Asset Class/Investment Type Performance

(1) Asset Class/Investment Type Performance is the performance of specific asset classes and investment types within the Total Endowment Assets and the Intermediate Term Fund (such as developed country, private investments, etc.) based on the standards set forth in this Section 5.8(b). Except as provided in paragraph (2) below and Section 5.9, Asset Class/Investment Type Performance will be measured relative to the appropriate benchmark based on three-year rolling historical performance. Performance standards for each asset class and investment type will vary depending on the ability to outperform the respective benchmark. The benchmarks for each asset class and investment type, as well as threshold, target, and maximum performance standards in effect during the three-year rolling historical period, culminating with the current Performance Period, are set forth on Table 2, which is attached as Appendix D. Table 2 will be revised, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold, target, and maximum performance standards, in effect during the three-year rolling historical period, culminating with the subsequent Performance Period, in which event, such revised table will be attached as Appendix D as soon as administratively practicable after the change in such benchmarks and standards necessitating such change are set.

(2) Performance for private investments is calculated differently from other asset classes and investment types due to its longer investment horizon

and illiquidity of assets. Except for private investments in Real Estate, performance of private investments is determined based on the performance of partnership commitments made since 2001 based on internal rates of return (IRR's) relative to the respective Venture Economics benchmarks. Performance of private investments in Real Estate will be determined based on the performance of partnership commitments made relative to a NACRIEF Custom Index benchmark.

(c) Qualitative Performance

(1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold, target, or maximum) of the Participant's Qualitative Performance Goals for the Performance Period.

(2) For purposes of determining the level of attainment of each Participant's Qualitative Performance Goals for the Performance Period, the Participant will have attained below threshold level if he or she fails to successfully complete at least 50% of his or her Qualitative Performance Goals for that Performance Period, threshold level if he or she successfully completes 50% of his or her Qualitative Performance Goals for that Performance Period, target level if he or she successfully completes 75% of his or her Qualitative Performance Goals for that Performance Period, and maximum level if he or she successfully completes 100% of his or her Qualitative Performance Goals for that Performance Period (with interpolation for levels of attainment between threshold, target, and maximum).

(3) In determining the percentage of successful completion of a Participant's Qualitative Performance Goals, the CEO, and in the case of the CCO, the Audit and Ethics Committee (in the initial determination) and the Compensation Committee (in its review of the attained levels for approval) need not make such determination based solely on the number of Qualitative Performance Goals successfully completed but may take into account the varying degrees of importance of the Qualitative Performance Goals, changes in the Participant's employment duties occurring after the Qualitative Performance Goals are determined for the Performance Period, and any other facts and circumstances determined by the CEO, and in the case of the CCO, the Audit and Ethics Committee, or Compensation Committee (as applicable) to be appropriate for consideration in evaluation of the level of achievement of the Participant's Qualitative Performance Goals for the Performance Period.

5.9. *Modifications of Measurement Period for Measuring Entity and Asset Class/Investment Type Performance Goals*

(a) Although generally Entity Performance and most Asset Class/Investment Type Performance are measured based on three-year rolling historical performance, newly hired Participants will be phased into the Performance Incentive Plan so that Entity Performance and Asset Class/Investment Type Performance are measured over a period of time consistent with each Participant's tenure at UTIMCO. This provision ensures that a Participant is measured and rewarded over a period of time consistent with the period during which he or she influenced the performance of the entity or a particular asset class and investment type. In the Performance Period in which a Participant begins participation in the Performance Incentive Plan, the Entity Performance and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on one full year of historical performance (i.e., the performance for the Performance Period during which the Participant commenced Performance Incentive Plan participation). During a Participant's second year of Performance Incentive Plan participation, the Entity Performance and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on two full years of historical performance. In the third year of a Participant's Performance Incentive Plan participation and beyond, the Entity and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on the three full years of rolling historical performance.

(b) For purposes of measuring Entity and Asset Class/Investment Type Performance, the three-year historical performance cycle will not be utilized for any specific asset class and investment type (or subset of an asset class and investment type) until that asset class and investment type (or subset of that asset class and investment type) has three years of historical performance as part of the Performance Incentive Plan and, until that time, the actual years (full and partial) of historical performance of that asset class and investment type (or subset of that asset class and investment type) while part of the Performance Incentive Plan will be used as the measurement period.

(c) For purposes of measuring Entity and Asset Class/Investment Type Performance of an asset class and investment type (or subset of an asset class and investment type) that is removed from the Performance Incentive Plan prior to completion of the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed asset class and investment type (or subset of an asset class and investment type), but instead the actual number of full months that the removed asset class and investment type was part of the Performance Incentive Plan during the then in-progress three-year historical performance cycle will be used as the measurement period.

(d) For purposes of measuring Asset Class/Investment Type Performance for a particular Participant of an asset class and investment type (or subset of an asset class and investment type) that is removed from or added to the Participant's responsibility during the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed or added asset class and investment type (or subset of an asset class and investment type), but instead the actual number of full months that the removed or added asset class and investment type was part of the Participant's responsibility during the then in-progress three-year historical performance cycle will be used as the measurement period for evaluating the Asset Class/Investment Type Performance with respect to such Participant.

5.10. Termination Provisions

(a) Except as otherwise provided in this Section 5.10, any Participant who ceases to be a Participant (either because of Termination of employment with UTIMCO or for any other reason stated in Section 5.3(c)) prior to the end of a Performance Period will not be eligible to receive payment of any Performance Incentive Award for that or any subsequent Performance Periods. In addition, a Participant will forfeit any Nonvested Deferred Awards at such Participant's Voluntary Termination or Involuntary Termination for Cause. Further, upon Involuntary Termination for reasons other than Cause, the amount in the Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs.

(b) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment position is no longer an Eligible Position (but such employee continues to be employed with UTIMCO), such Participant's Performance Incentive Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date the Participant ceases to be in an Eligible Position, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

(c) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment with UTIMCO terminates due to death or Disability, the Participant's Performance Incentive Award for the Performance Period in which Termination occurs, in lieu of any other Performance Incentive Award under the Performance Incentive Plan, will be paid at target on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date of the Participant's death or Disability, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which such termination occurs. Payments under this provision will be made to the estate or designated beneficiaries of the deceased Participant or to the disabled Participant, as applicable.

(d) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because he or she commences a leave of absence, such Participant's Performance Incentive Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or coinciding with the date the Participant commences such leave of absence, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

(e) In the case of any Participant who ceases to be a Participant in the Performance Incentive Plan prior to the end of Performance Period and is entitled to a Performance Incentive Award or a prorated Performance Incentive Award under this Section 5.10, such Performance Incentive Award will be calculated at the time and in the manner provided in Section 5.5 and Appendix A and paid in accordance with Section 5.6 and will not be calculated or paid prior to such time.

5.11. Extraordinary Circumstances.

Notwithstanding anything in this Plan to the contrary, the timing and amount of Performance Incentive Awards of each Participant holding an Eligible Position listed on Table 3, which is attached as Appendix E (each, an "Affected Participant"), are subject to automatic adjustment as follows:

(a) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are negative at the end of such Performance Period, (i) an amount otherwise equal to the Paid Performance Incentive Award attributable to such Performance Period for each Affected Participant will be treated as an "Extraordinary Nonvested Deferral Award" for such Affected Participant that is subject to forfeiture in the same manner and for the same reasons as Nonvested Deferral Awards pursuant to Section 5.10(a), (ii) a separate hypothetical account for such Affected Participant will be established on UTIMCO's books ("Extraordinary Nonvested Deferral Award Account"), which will be (1) credited with such Affected Participant's Extraordinary Nonvested Deferral Award and (2) credited (or debited) monthly with Net Returns of the Total Endowment Assets on the same dates and in the same manner as applies to Nonvested Deferral Award Accounts pursuant to Section 5.7(a), and (iii) unless such Affected Participant's Extraordinary Nonvested Deferral Award has been forfeited pursuant to Section 5.10(a) or Section 5.12, such Affected Participant will become vested in, and entitled to payment of, the amount of his or her Extraordinary Nonvested Deferral Award Account on the first anniversary of the last day of such Performance Period; provided that upon the death, Disability or Involuntary Termination of an Affected Participant for reasons other than Cause, the amount in the Extraordinary Nonvested Deferral Award Account of such Affected Participant will vest immediately and be paid (to the Affected Participant or, in the case of death, to the estate or designated beneficiaries of the deceased Affected Participant) on a date selected by UTIMCO and in no event later than the last day of the calendar year in which such Termination occurs; provided, further, that nothing in this clause (a) shall affect the vesting and payment of Nonvested Deferral Awards to any Affected Participant;

(b) If the Net Returns of the Total Endowment Assets since the end of the Performance Period for which Performance Incentive Awards are being determined are a negative 10.00% or below (measured as of the most recent month-end for which performance data are available) on the date the Board approves the Performance Incentive Award for an Affected Participant, an amount otherwise equal to such Affected Participant's Paid Performance Incentive Award attributable to such Performance Period will also be treated as an "Extraordinary Nonvested Deferral Award" for such Affected Participant that is subject to clause (a) above; provided that nothing in this clause (b) shall affect the vesting and payment of Nonvested Deferral Awards to any Affected Participant;

(c) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 5.00% at the end of such Performance Period, the Performance Incentive Award for each Affected Participant for that Performance Period (calculated pursuant to Section 5.5 above) will be reduced by 10% for each percentage point (or portion thereof) of Net Returns below a negative 5.00%, such that the Performance Incentive Award for each such Affected Participant will be eliminated in the event of negative Net Returns below 14.00% (e.g., negative Net Returns of 5.01% will result in the Performance Incentive Award for such Affected Participant being reduced by 10%, negative Net Returns of 6.01% will result in the Performance Incentive Award for such Affected Participant being reduced by 20%, and so forth);

(d) If the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are in excess of positive 20.00% at the end of such Performance Period, the Performance Incentive Award for each Affected Participant for that Performance Period (calculated pursuant to Section 5.5 above) will be increased by 10% for each percentage point (or portion thereof) of positive Net Returns in excess of 20.00% (subject to an overall increase limit of 100%), such that the increase in Performance Incentive Award for such Affected Participant will be capped at 100% for positive performance in excess of 29.00% (e.g., positive Net Returns of 20.01% will result in the Performance Incentive Award for such Affected Participant being increased by 10%, positive Net Returns of 21.01% will result in the Performance Incentive Award for such Affected Participant being increased by 20%, and so forth); and

(e) Table 3, which is attached as Appendix E, will be revised each Performance Period to identify the Eligible Positions whose Performance Incentive Awards are subject to automatic adjustment as to timing and amount pursuant to clauses (a)-(d) above as soon as administratively practicable after approval by the Board and such revised Table 3 will be attached as Appendix E.

5.12. Recovery of Performance Incentive Awards

Notwithstanding anything in this Plan to the contrary, if the Board (in its sole discretion, but acting in good faith) determines (a) that a Participant has engaged in willful misconduct that materially disrupts, damages, impairs or interferes with the business, reputation or employee relations of UTIMCO or The University of Texas System, such Participant will not be entitled to any Performance Incentive Awards for the Performance Periods during which the Board determines such misconduct occurred, or (b) that a Participant has engaged in fraudulent misconduct that caused or contributed to a restatement of the investment results upon which such Participant's Performance Incentive Awards were determined by knowingly falsifying any financial or other certification, knowingly providing false information relied upon by others in a financial or other certification, or engaging in other fraudulent activity, or knowingly failing to report any such fraudulent misconduct by others in accordance with UTIMCO's Employee Handbook, such Participant will not be entitled to any Performance Incentive Awards for the Performance Periods for which investment results were so restated. To the extent a Participant has been awarded Performance Incentive Awards to which he or she is not entitled as a result of clause (a) or (b) above, Performance Incentive Awards shall be recovered by UTIMCO pursuant to the following remedies in the order listed: first, such Participant's Nonvested Deferred Awards and Extraordinary Nonvested Deferred Awards will be automatically forfeited; second, any Paid Performance Incentive Award not then paid to such Participant will be withheld and automatically forfeited; and third, such Participant must return to UTIMCO the remaining excess amount. Recovery of Performance Incentive Awards to which a Participant is not entitled pursuant to this Section 5.12 does not constitute a settlement of other claims that UTIMCO may have against such Participant, including as a result of the conduct giving rise to such recovery. Further, the remedies set forth above are in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

6. COMPENSATION PROGRAM AUTHORITY AND RESPONSIBILITY

6.1. Board as Plan Administrator

Except as otherwise specifically provided in this Compensation Program with respect to powers, duties, and obligations of the Compensation Committee, the Compensation Program will be administered by the Board.

6.2. Powers of Board

The Board has all powers specifically vested herein and all powers necessary or advisable to administer the Compensation Program as it determines in its discretion, including, without limitation, the authority to:

(1) Establish the conditions for the determination and payment of compensation by establishing the provisions of the Performance Incentive Plan.

(2) Select the employees who are eligible to be Participants in the Performance Incentive Plan**.**

(3) Delegate to any other person, committee, or entity any of its ministerial powers and/or duties under the Compensation Program as long as any such delegation is in writing and complies with the UTIMCO Bylaws.

7. COMPENSATION PROGRAM INTERPRETATION

7.1. Board Discretion

(a) Consistent with the provisions of the Compensation Program, the Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem advisable to carry out the Compensation Program. All decisions made by the Board in selecting the Participants approved to receive Performance Incentive Awards, including the amount thereof, and in construing the provisions of the Compensation Program, including without limitation the terms of any Performance Incentive Awards, are final and binding on all Participants.

(b) Notwithstanding any provision of the Compensation Program to the contrary and subject to the requirement that the approval of Performance Incentive Awards that will result in an increase of 5% or more in the total Performance Incentive Awards calculated using the methodology set out on Appendix A must have the prior approval of the U.T. System Board of Regents, the Board has the discretion and authority to make changes in the terms of the

Compensation Program in determining a Participant's eligibility for, or amount of, a Performance Incentive Award for any Performance Period whenever it considers that circumstances have occurred during the Performance Period so as to make such changes appropriate in the opinion of the Board, provided, however, that any such change will not deprive or eliminate an award of a Participant after it has become vested and that such circumstances are recorded in the minutes of a meeting of the Board.

7.2. Duration, Amendment, and Termination

The Board has the right in its discretion to amend the Compensation Program or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof. However, if the Performance Incentive Plan is suspended or terminated during a Performance Period, Participants will receive a prorated Performance Incentive Award based on performance achieved and base salary earned through the Performance Measurement Date immediately preceding such suspension or termination. The Compensation Program will be in effect until suspension or termination by the Board; provided, however, that if the Board so determines at the time of any suspension or termination of the Performance Incentive Plan, Nonvested Deferred Awards credited to Participants' Nonvested Deferred Award Account(s) as of the effective date of such suspension or termination will continue to be administered under the terms of the Performance Incentive Plan after any suspension or termination, except as the Board otherwise determines in its discretion at the time of such suspension or termination.

7.3. Recordkeeping and Reporting

(a) All records for the Compensation Program will be maintained by the Managing Director of Accounting, Finance, and Administration at UTIMCO. Relative performance data and calculations will be reviewed by UTIMCO's external auditor before Performance Incentive Awards are finalized and approved by the Board.

(b) UTIMCO will provide all Participants with a comprehensive report of the current value of their respective Nonvested Deferred Award and Extraordinary Nonvested Deferred Award Account balances, including a complete vesting status of those balances, on at least a quarterly basis.

7.4. Continued Employment

Nothing in the adoption of the Compensation Program or the awarding of Performance Incentive Awards will confer on any employee the right to continued employment with UTIMCO or affect in any way the right of UTIMCO to terminate his or her employment at any time.

7.5. Non-transferability of Awards

Except for the rights of the estate or designated beneficiaries of Participants to receive payments, as set forth herein, Performance Incentive Awards under the Performance Incentive Plan, including both the Paid Performance Incentive Award portion and the Nonvested Deferred Award portion, are non-assignable and non-transferable and are not subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, or levy of any kind. The preceding notwithstanding, the Compensation Program will pay any portion of a Performance Incentive Award that is or becomes vested in accordance with an order that meets the requirements of a "qualified domestic relations order" as set forth in Section 414(p) of the *Internal Revenue Code* and Section 206(d) of ERISA.

7.6. Unfunded Liability

(a) Neither the establishment of the Compensation Program, the award of any Performance Incentive Awards, nor the creation of Nonvested Deferred Awards Accounts will be deemed to create a trust. The Compensation Program will constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Compensation Program. Any amounts set aside by UTIMCO to assist it in the payment of Performance Incentive Awards or other benefits under the Compensation Program, including without limitation, amounts set aside to pay for Nonvested Deferred Awards, will be the assets of UTIMCO, and no Participant will have any security or other interest in any assets of UTIMCO or the U.T. System Board of Regents by reason of the Compensation Program.

(b) Nothing contained in the Compensation Program will be deemed to give any Participant, or any personal representative or beneficiary, any interest or title to any specific property of UTIMCO or any right against UTIMCO other than as set forth in the Compensation Program.

7.7. Compliance with State and Federal Law

No portion of the Compensation Program will be effective at any time when such portion violates an applicable state or federal law, regulation, or governmental order or directive.

7.8. Federal, State, and Local Tax and Other Deductions

All Performance Incentive Awards under the Compensation Program will be subject to any deductions (1) for tax and withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such Performance Incentive Award is deferred and not payable at such time) and (2) for any and all amounts owed by the Participant to UTIMCO at the time of payment of the Performance Incentive Award. UTIMCO will not be obligated to advise an employee of the existence of the tax or the amount that UTIMCO will be required to withhold.

7.9. Prior Plan

(a) Except as provided in the following paragraphs of this Section 7.9, this Compensation Program supersedes any prior version of the Compensation Program ("Prior Plan").

(b) All nonvested deferred awards under a Prior Plan will retain the vesting schedule in effect under the Prior Plan at the time such awards were allocated to the respective Participant's account. In all other respects, as of the Effective Date, those nonvested deferred amounts will (1) be credited or debited with the Net Returns over the remaining deferral period in accordance with Section 5.7(a), and (2) be subject to the terms and conditions for Nonvested Deferred Awards under the Performance Incentive Plan as set forth in this restated document.

8. DEFINITION OF TERMS

8.1. **Affected Participant** is defined in Section 5.11.

8.2. **Applicable Deferral Percentage** means, as to each Eligible Position, the percentage set forth opposite such Eligible Position under the heading "Percentage of Award Deferred" on Table 1, which is attached as Appendix C.

8.3. **Asset Class/Investment Type Performance** is the performance of specific asset classes and investment types within the Total Endowment Assets and the Intermediate Term Fund (such as developed country, private investments, etc.) based on the standards set forth in Section 5.8(b).

8.4. **Board** is the UTIMCO Board of Directors.

8.5. **Cause** means, as to any employee, that such employee has committed (as determined by UTIMCO in its sole discretion) any of the following: (1) a violation of any securities law or any other law, rule or regulation; (2) willful conduct that reflects negatively on the public image of UTIMCO or the U.T. System; or (3) a breach of UTIMCO's Code of Ethics.

8.6. **Compensation Committee** is the Compensation Committee of the UTIMCO Board of Directors.

8.7. **Compensation Program** is defined in Section 1.

8.8. Disability means a condition whereby a Participant either (i) is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected either to result in death or to last for a continuous period of not less than 12 months or (ii) is, by reason of a medically determinable physical or mental impairment that is expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a disability plan maintained or contributed to by UTIMCO for the benefit of eligible employees.

8.9. **Effective Date** is defined in Section 1.

8.10. **Eligible Position** is defined in Section 5.3(a).

8.11. **Entity Performance** represents the performance of the Total Endowment Assets and the Intermediate Term Fund (based on the measurement standards set forth in Section 5.8(a)).

8.12. **Extraordinary Nonvested Deferral Award** is defined in Section 5.11.

8.13. **Extraordinary Nonvested Deferral Award Account** is defined in Section 5.11.

8.14. **Incentive Award Opportunity** is defined in Section 5.5(a).

8.15. **Intermediate Term Fund or ITF** is The University of Texas System ("U.T. System") Intermediate Term Fund established by the U.T. System Board of Regents as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by the U.T. System institutions and U.T. System Administration. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Intermediate Term Fund.

8.16. Intermediate Term Fund Policy Portfolio Return is the benchmark return for the Intermediate Term Fund policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class and investment type multiplied by the benchmark return for the asset class and investment type) for the various asset classes and investment types in the Intermediate Term Fund policy portfolio for the Performance Period.

8.17. Involuntary Termination means, as to any person the Termination of such person's employment with UTIMCO wholly initiated by UTIMCO and not due to such person's implicit or explicit request, at a time when such person is otherwise willing and able to continue to perform services for UTIMCO.

8.18. Net Returns is the investment performance return of the Total Endowment Assets, net of fees. Net of fees factors in all administrative and other fees for managing the Total Endowment Assets. The net investment return will be calculated as follows:

$$\frac{\text{Permanent University Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{Permanent University Fund Net Investment Return}$$

Plus

$$\frac{\text{General Endowment Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{General Endowment Fund Net Investment Return}$$

8.19. Nonvested Deferred Award is defined in Section 5.6(b).

8.20. Nonvested Deferred Award Account is defined in Section 5.7(a).

8.21. Paid Performance Incentive Award is defined in Section 5.6(a).

8.22. Participant is defined in Section 5.3(a).

8.23. Peer Group is a peer group of endowment funds maintained by the Board's external investment advisor that is comprised of all endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than $2.5 billion, all to be determined as of the last day of each of the three immediately preceding Performance Periods as set forth on Appendix B; provided, however, that the Total Endowment Assets are excluded from the Peer Group. The Peer Group will be updated from time to time as deemed appropriate by the Board, and Appendix B will be amended accordingly.

8.24. Performance Goals are defined in Section 5.4.

8.25. Performance Incentive Award is the component of a Participant's total compensation that is based on specific performance goals and awarded as current income or deferred at the end of a Performance Period in accordance with Section 5 and Appendix A.

8.26. Performance Incentive Plan is as defined in Section 1 and described more fully in Section 5.

8.27. Performance Measurement Date is the close of the last business day of the month.

8.28. Performance Period is defined in Section 5.2.

8.29. Prior Plan is defined in Section 7.9.

8.30. Salary Structure is described in Section 4.1.

8.31. Termination means, as to any person, a complete severance of the relationship of employer and employee between UTIMCO and such person.

8.32. Total Endowment Assets or TEA means the combination of the Permanent University Fund and the General Endowment Fund, but does not include any other endowment funds monitored by UTIMCO such as the Separately Invested Fund. Performance of the Total Endowment Assets is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Total Endowment Assets.

8.33. Total Endowment Assets Policy Portfolio Return is the benchmark return for the Total Endowment Assets policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class and investment type multiplied by the benchmark return for the asset class and investment type) for the various asset classes and investment types in the Total Endowment Assets policy portfolio for the Performance Period.

8.34. Voluntary Terminations means, as to any person, the Termination of such person's employment with UTIMCO not resulting from an Involuntary Termination or by reason of Death or disability.

Appendix A

Performance Incentive Award Methodology (for Performance Periods beginning on or after July 1, 2008)

I. Determine "Incentive Award Opportunities" for Each Participant[2]

Step 1. Identify the weights to be allocated to each of the three Performance Goals for each Participant's Eligible Position. The weights vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. The total of the weights ascribed to the three Performance Goals must add up to 100% for each Participant. For example, Table 1 on Appendix C may reflect for a Performance Period for the CEO that the weight allocated to the Entity Performance Goal is 60%, the weight allocated to the Asset Class/Investment Type Performance Goal is 0%, and the weight allocated to the Individual Performance Goal is 40%.

Step 2. Identify the percentage of base salary for the Participant's Eligible Position that determines the Performance Incentive Award for achievement of the Threshold, Target, and Maximum levels of the Performance Goals. The percentages vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. For example, Table 1 on Appendix C may show that for a Performance Period the applicable percentages for determining the Performance Incentive Award for the CEO are 50% of his or her base salary for achievement of Threshold level performance of all three Performance Goals, 100% of his or her base salary for achievement of Target level performance of all three Performance Goals, and 200% of his or her base salary for achievement of Maximum level performance of all three Performance Goals.

Step 3. Calculate the dollar amount of the potential Threshold, Target, and Maximum awards (the "Incentive Award Opportunities") for each Participant by multiplying the Participant's base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the CEO has a base salary of $575,000 for a Performance Period, based on the assumed percentages set forth in Step #2 above, the CEO will be eligible for a total award of $287,500 (50% of his or her base salary) if he or she achieves Threshold level performance of all three Performance Goals, $575,000 (100% of his or her base salary) if he or she achieves

[2] These Incentive Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Goals at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Incentive Plan**.**

Target level performance of all three Performance Goals, and $1,150,000 (200% of his or her base salary) if he or she achieves Maximum level performance of all three Performance Goals.

Step 4. Because a Participant may achieve different levels of performance in different Performance Goals and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Target performance in the Entity Performance Goal and be eligible to receive a Target award for that goal and achieve Maximum performance in the Qualitative Performance Goal and be eligible to receive a Maximum award for that Performance Goal), it is necessary to determine the Incentive Award Opportunity of the Threshold, Target, and Maximum award for each separate Performance Goal (and, because achievement of the Entity Performance Goal is determined in part by achievement of the Total Endowment Assets and in part by achievement of the Intermediate Term Fund, a Threshold, Target, and Maximum Incentive Award Opportunity separately for the TEA and the ITF must be determined). This is done by multiplying the dollar amount of the Threshold, Target, and Maximum awards for the performance of all three Performance Goals calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular Performance Goal (and, further, by multiplying the Incentive Award Opportunity for the Entity Performance by the weight ascribed to achievement of the Total Endowment Assets (85%) and by the weight ascribed to achievement of the Intermediate Term Fund (15%)).

Step 5. After Steps #3 and #4 above are performed for each of the three levels of performance for each of the three Performance Goals, there will be 12 different Incentive Award Opportunities for each Participant. For example, for the CEO (based on an assumed base salary of $575,000, the assumed weights for the Performance Goals set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the 12 different Incentive Award Opportunities for achievement of the Performance Goals for the Performance Period are as follows:

Incentive Award Opportunities for CEO
(based on assumed base salary of $575,000)

Performance Goal	Weight	Threshold Level Award	Target Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return	.51% (.85 x .60)	$146,625	$293,250	$586,500
Entity (ITF v. ITF Policy Portfolio Return)	9.0% (.15 x .60)	$25,875	$51,750	$103,500
Asset Class/Investment Type	0%	$0	$0	$0
Qualitative	40%	$115,000	$230,000	$460,000
Total	100%	$287,500 (50% of salary)	$575,000 (100% of salary)	$1,150,000 (200% of salary)

II. Calculate Performance Incentive Award for Each Participant[3]

Step 6. Identify the achievement percentiles or achieved basis points that divide the Threshold, Target, and Maximum levels for each Performance Goal. These divisions for the level of achievement of the Entity and Asset Class/Investment Type Performance Goals are set forth in the table for the applicable Performance Period as set forth on Appendix D. The measurement for the level of achievement (i.e., Threshold, Target, or Maximum) for the Qualitative Performance Goal is initially determined each Performance Period by the Participant's supervisor, if any, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. If the Participant has no supervisor, the measurement for the level of achievement for the Qualitative Performance Goal is determined each Performance Period by the Compensation Committee**.** The Board will determine the CEO's level of achievement relative to the CEO's Performance Goals.

Step 7. Determine the percentile or basis points achieved for each Performance Goal for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9. Determine the level of achievement of each Participant's Qualitative Performance Goal.

Step 8. Calculate the amount of each Participant's award attributable to each Performance Goal by identifying the Incentive Award Opportunity amount for each Performance Goal (e.g., as assumed and set forth for the CEO in the table in Step #5 above) commensurate with the Participant's level of achievement for that Performance Goal (determined in Steps #6 and #7

[3] In the event that the Net Returns of the Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 14.0% at the end of such Performance Period, steps 6 through 14 need not be followed with respect to Affected Participants when calculating Performance Incentive Awards for that Performance Period.

above). An award for achievement percentiles in between the stated Threshold, Target, and Maximum levels is determined by linear interpolation. For example, if +100 bps of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal has been achieved, that +100 bps is between the Target (+75bps) and the Maximum (+150bps) levels, so to determine the amount of the award attributable to +100 bps of achievement of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, perform the following steps: (i) subtract the difference between the dollar amounts of the Target and Maximum Incentive Award Opportunities for the Participant (e.g., for the CEO, as illustrated in the table in Step #5, the difference is $293,250 ($586,500-$293,250)); (ii) divide 25 (the bps difference between the Target level of +75 bps and the attained level of +100 bps) by 75 (the bps difference between the Target level and Maximum level) to get the fraction 25/75 to determine the pro rata portion of the difference between Target and Maximum actually achieved; (iii) multiply the amount determined in the preceding Step (i) by the fraction determined in the preceding Step (ii) ($293,250 x 25/75 = $97,750); and (iv) add the amount determined in the preceding Step (iii) to the Target Incentive Award Opportunity for the Participant to get the actual award for the Participant attributable to each Performance Goal ($97,750 + $293,250 = $391,000).

Step 9. In determining the Asset Class/Investment Type Performance portion of an award for a Performance Period for each Participant who is responsible for more than one asset class and investment type during that Performance Period, first, the Participant's attained level of achievement (i.e., Below Threshold, Threshold, Target, or Maximum) is determined for each asset class and investment type for which such Participant is responsible by comparing the actual performance to the appropriate benchmark for the asset class and investment type; then, the award is calculated for the determined level of achievement for each such asset class and investment type by multiplying the award commensurate with the level of achievement by the weight assigned to the Asset Class/Investment Type Performance Goal for such Participant; then, the various asset classes and investment types for which the Participant is responsible are assigned a pro rata weight (i.e., the assets in such asset class and investment type relative to the total assets under such Participant's responsibility); then, each determined award for a separate asset class and investment type is multiplied by the weight for that asset class and investment type; and, finally, the weighted awards are totaled to produce the Participant's award attributable to Asset Class/Investment Type Performance.

Step 10. In determining the award attributable to the Entity Performance Goal, achievement of the Total Endowment Assets portion of the Entity Performance Goal (and the commensurate award) is weighted at 85% (and then multiplied by the weight assigned to the Entity Performance Goal for the Participant), and achievement of the Intermediate Term Fund portion of the Entity Performance Goal (and commensurate award) is weighted at 15% (and then multiplied by the weight assigned to the Entity Performance Goal for the Participant). For example, assuming a base salary of $575,000, if the CEO achieved the Target level (+75 bps) of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, and achieved the Maximum level (+100 bps) of the Intermediate Term Fund portion of the Entity Performance Goal, he or she would have earned an award of $396,750 for his or her level of achievement of the Entity Performance Goal as follows: $293,250 for Target level of achievement of the TEA benchmark portion of the TEA portion of Entity Performance Goal (.85 x .60 x $575,000) plus $103,500 for Maximum level of achievement of the ITF portion of the Entity Performance Goal (.15 x .60 x $1,150,000).

Step 11. No award is given for an achievement percentile below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.

Step 12. Subject to any applicable adjustment in Step #13 below, add the awards determined in Steps #8, #9, and #10 above for each Performance Goal (as modified by Step #11) together to determine the total amount of the Participant's Performance Incentive Award for the Performance Period.

Step 13. In the case of any Participant who becomes a Participant in the Performance Incentive Plan after the first day of the applicable Performance Period, such Participant's Performance Incentive Award (determined in Step #12) will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Incentive Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance Incentive Award, if any, will be prorated and adjusted as provided in Section 5.10.

Step 14. In the case of any Affected Participant, such Affected Participant's Performance Incentive Award calculated pursuant to Steps #1 through #13 above shall be multiplied by the appropriate factor set forth in the following charges:

When Net Returns of Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are below negative 5.0% at the end of such Performance Period:

Actual Negative Net Returns (Rounded to Nearest One-Hundredth Decimal)	Factor
5.01 - 6.00	.9
6.01 - 7.00	.8
7.01 - 8.00	.7
8.01 - 9.00	.6
9.01 - 10.00	.5
10.01 - 11.00	.4
11.01 - 12.00	.3
12.01 - 13.00	.2
13.01 - 14.00	.1
14.01 and Below	.0

When Net Returns of Total Endowment Assets during the Performance Period for which Performance Incentive Awards are being determined are in excess of positive 20.0% at the end of such Performance Period:

Actual Positive Net Returns (Rounded to Nearest One-Hundredth Decimal)	Factor
20.01 - 21.00	1.1
21.01 - 22.00	1.2
22.01 - 23.00	1.3
23.01 - 24.00	1.4
24.01 - 25.00	1.5
25.01 - 26.00	1.6
26.01 - 27.00	1.7
27.01 - 28.00	1.8
28.01 - 29.00	1.9
29.01 and Above	2.0

Appendix B

UTIMCO Peer Group (to be updated for 6/30/09)

- Columbia University
- Cornell University
- Emory University
- Harvard University
- Massachusetts Institute of Technology
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- The Duke Endowment
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Virginia Investment Management Company
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: Cambridge Associates. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than $2.5 billion, all to be determined as of the last day of each fiscal year end June 2006, 2007, 2008.

Appendix C

Eligible Positions
Weightings
Incentive Award Opportunities for each Eligible Position
(for each Performance Period)

TABLE 1 (For the Performance Periods beginning after June 30, 2009)

Eligible Position	Weighting: Entity	Weighting: Asset Class/ Investment Type	Weighting: Individual	Incentive Award Opportunity (% of Salary): < Threshold	Threshold	Target	Maximum	Percentage of Award Deferred
Investment Professionals								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	100%	200%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	95%	190%	50%
Managing Director	30%	40%	30%	0%	0%	85%	170%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	85%	170%	40%
Senior Director, Investments	25%	35%	40%	0%	0%	60%	120%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	60%	120%	35%
Senior Director, Risk Management	30%	0%	70%	0%	0%	50%	100%	35%
Portfolio Manager	20%	40%	40%	0%	0%	50%	100%	30%
Director, Investments	20%	40%	40%	0%	0%	50%	100%	30%
Director - Private Investments	20%	30%	50%	0%	0%	50%	100%	30%
Director, Risk Management	30%	0%	70%	0%	0%	40%	80%	30%
Senior Associate, Investments	15%	35%	50%	0%	0%	40%	80%	20%
Associate, Investments	15%	30%	55%	0%	0%	35%	70%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	70%	15%
Associate, Risk Management	30%	0%	70%	0%	0%	35%	70%	15%
Senior Analyst, Investments	10%	20%	70%	0%	0%	30%	60%	0%
Analyst, Investments	10%	20%	70%	0%	0%	25%	50%	0%
Analyst, Risk Management	30%	0%	70%	0%	0%	25%	50%	0%
Operations/Support Professionals								
Senior Managing Director	20%	0%	80%	0%	0%	60%	120%	40%
Managing Director	20%	0%	80%	0%	0%	50%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	100%	30%
Manager	20%	0%	80%	0%	0%	40%	80%	25%

Appendix D

Benchmarks for Asset Class/Investment Type
Threshold, Target, and Maximum Performance Standards
(for Performance Periods beginning on or after July 1, 2007)

Performance Standards for Intermediate Term Fund
(for Performance Periods beginning on or after July 1, 2007)

UPDATED TABLE 2 (7/1/07 through 6/30/08)

Asset Class	Benchmark	Policy Portfolio Weights: Total Endowment Assets (% of Portfolio)	Policy Portfolio Weights: ITF (% of Portfolio)	Performance Standards: Threshold	Performance Standards: Target	Performance Standards: Maximum
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>$1 B assets)	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+100 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Internal Credit	Credit Related Composite Index	0%	0%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps

UPDATED TABLE 2 (7/1/08 through12/31/08)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights: Total Endowment Assets (% of Portfolio)	Policy Portfolio Weights: ITF (% of Portfolio)	Performance Standards: Threshold	Performance Standards: Target	Performance Standards: Maximum
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Lehman Brothers Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Lehman Brothers Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	MSCI Investable Hedge Fund Index	33.0%	25.0%	+0 bps	+125 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Lehman Aggregate			+0 bps	+12.5 bps	+25 bps

UPDATED TABLE 2 (1/1/09 through 6/30/09)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights: Total Endowment (% of Portfolio)	Policy Portfolio Weights: ITF (% of Portfolio)	Performance Standards: Threshold	Performance Standards: Target	Performance Standards: Maximum
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+62.5 bps	+125 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+37.5 bps	+75 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Barclays Capital Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	33.0%	25.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACRIEF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+12.5 bps	+25 bps

UPDATED TABLE 2 (7/1/09 through 6/30/10)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights: Total Endowment Assets (% of Portfolio)	Policy Portfolio Weights: ITF (% of Portfolio)	Performance Standards: Threshold	Performance Standards: Target	Performance Standards: Maximum
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	3.5%	5.0%	+0 bps	+50 bps	+100 bps
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	5.5%	7.5%	+0 bps	+50 bps	+100 bps
Developed Country Equity	MSCI World Index with net dividends	19.0%	15.0%	+0 bps	+62.5 bps	+125 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	13.0%	7.5%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	35.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.5%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+100 bps	+200 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+75 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

Appendix E

Eligible Positions of Affected Participants

TABLE 3 (7/1/09 through 6/30/10)

Eligible Position
Investment Professionals
CEO & Chief Investment Officer
President & Deputy CIO
Managing Director
Managing Director - Private Investments
Senior Director, Investment
Senior Portfolio Manager
Senior Director, Risk Management
Portfolio Manager
Director, Investment
Director - Private Investments
Director, Risk Management
Operations/Support Professionals
Senior Managing Director
Managing Director
General Counsel & Chief Compliance Officer
Manager

7. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved the Annual Budget as set forth on Page 98, which includes the capital expenditures budget and the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2010, as set forth on Pages 99 - 100.

The Annual Budget of $50.2 million for Fiscal Year 2010 was approved by the UTIMCO Board on July 9, 2009, and is a decrease of 25% over the prior year budget and a 27% increase over the Fiscal Year 2009 Forecast.

Of the $50.2 million Fiscal Year 2010 Budget, $16.0 million is for UTIMCO services and $5.4 million is for noninvestment manager services such as custodial, legal, audit, and consulting services charged to the Funds. This combined $21.4 million compares to the $22.6 million Fiscal Year 2009 Budget for a decrease of $1.2 million.

The remainder of the Budget is for investment manager annual and performance fees charged directly to the Funds. The budgeted decrease is primarily driven by fund performance assumptions and decline in asset value.

The Annual Fee and Allocation Schedule shows the allocation of the budgeted expenses among University of Texas System funds. The fees are to be paid quarterly.

The capital expenditures budget totaling $0.1 million is included in the total Annual Budget.

UTIMCO staff projects UTIMCO's available cash reserves to be approximately $5 million and recommends that the $5 million of cash reserves be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

UTIMCO (in thousands)	FY 2009 Budget	FY 2009 Forecast	FY 2010 Budget	FY10 Budget v FY09 Forecast $	FY10 Budget v FY09 Forecast %
SUMMARY					
UTIMCO Personnel	**$12,489**	**$11,594**	**$12,018**	**$424**	**4%**
UTIMCO Other	**4,055**	**3,791**	**3,959**	**168**	**4%**
Total UTIMCO	**16,544**	**15,385**	**15,977**	**592**	**4%**
Other, Non-Investment Manager	**6,042**	**4,997**	**5,437**	**440**	**9%**
Total Non-Investment Manager	**$22,586**	**$20,382**	**$21,414**	**$1,032**	**5%**
Investment Manager - Invoiced	**44,203**	**19,156**	**28,747**	**9,591**	**50%**
Total	**$66,789**	**$39,538**	**$50,161**	**$10,623**	**27%**
DETAIL					
UTIMCO Personnel					
Salaries & Accrued Vacation	$6,956	$6,422	$6,723	$301	5%
Bonus	3,566	3,451	3,482	31	1%
Benefits	1,293	1,112	1,166	54	5%
Taxes	478	446	470	24	5%
Hiring	50	17	20	3	19%
Subscriptions, Dues, Education	146	146	157	11	8%
Total	**$12,489**	**$11,594**	**$12,018**	**$424**	**4%**
UTIMCO Other					
Travel & Meetings	$859	$417	$622	205	49%
Online, Data, Contract Services	743	818	900	82	10%
Lease	983	964	979	15	2%
Depreciation	612	591	574	(17)	-3%
Insurance	236	243	250	7	3%
Office Expenses	363	326	334	8	2%
Professional Services	259	432	300	(132)	-31%
Total	**$4,055**	**$3,791**	**$3,959**	**$168**	**4%**
Other, Non-Investment Manager					
Custodian	$1,725	$1,848	$2,009	161	9%
Measurement & Analytics	1,327	1,201	1,210	9	1%
Consultants	950	567	745	178	31%
Investment-related Legal	1,115	502	726	224	45%
Audit	776	733	734	1	0%
Printing	139	133	0	(133)	-100%
Other	10	13	13	(0)	0%
Total	**$6,042**	**$4,997**	**$5,437**	**$440**	**9%**
Investment Manager - Invoiced					
Management Fees	$23,897	$15,440	$18,695	3,255	21%
Performance Fees	20,306	3,716	10,052	6,336	171%
Total	**$44,203**	**$19,156**	**$28,747**	**$9,591**	**50%**

UTIMCO 7/9/2009

($ in millions)	Actual					Projected	Budget - AUM Flat	Budget - AUM 3%
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 10
Average Total Assets Under Management (AuM):	**$ 15,470**	**$ 17,245**	**$ 19,372**	**$ 21,965**	**$ 23,359**	**$ 21,274**	**$ 21,274**	**$ 21,912**
Costs excluding Investment Manager Expenses								
UTIMCO Services	$8	$10	$11	$12	$14	$15	$16	$16
Costs to Funds (Other than Investment Manager)	4	5	5	6	6	5	5	5
UTIMCO + Non-Investment Manager Cost to Funds	$12	$15	$16	$18	$20	$20	$21	$21
Costs/AuMs (basis points)								
UTIMCO Services	5	6	6	6	6	7	8	7
Costs to Funds (Other than Investment Manager)	3	3	2	2	3	2	2	2
UTIMCO Services + Costs to Funds	**8**	**9**	**8**	**8**	**9**	**9**	**10**	**9**
Investment Manager Fees								
Annual Management Fees								
Netted Against Net Asset Value/Capital Balance	$62	$77	$115	$164	$210	$206	$214	$214
Charged to Funds	13	13	18	16	21	15	19	19
Total Annual Management Fees	**$75**	**$90**	**$133**	**$180**	**$231**	**$221**	**$233**	**$233**
Performance Fees								
Netted Against Net Asset Value/Capital Balance	$57	$91	$81	$227	$64	$66	$62	$62
Charged to Funds	9	16	30	18	8	4	10	10
Total Performance Fees	**$66**	**$107**	**$111**	**$245**	**$72**	**$70**	**$72**	**$72**
Total Investment Manager Fees	**$141**	**$197**	**$244**	**$425**	**$303**	**$291**	**$305**	**$305**
Costs/AuMs (basis points)								
Annual Management Fees	**48**	**52**	**69**	**81**	**99**	**104**	**109**	**106**
Performance Fees	**43**	**62**	**57**	**112**	**31**	**33**	**34**	**33**
Total Fees	**91**	**114**	**126**	**193**	**130**	**137**	**143**	**139**

UTIMCO 7/9/2009

UTIMCO Budget
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2010

($ millions)	The Permanent University Fund (PUF)	The Permanent Health Fund (PHF)	The University of Texas System Long Term Fund (LTF)	General Endowment Fund (GEF)	The University of Texas System Intermediate Term Fund (ITF)	Short Term Fund (STF)	Separately Invested Endowments and Charitable Trust Accounts	Total
Market Value 2/28/09	**$ 8,287**	**$ 727**	**$ 3,830**	**$ 4,557**	**$ 2,927**	**$ 1,608**	**$ 125**	**$ 17,504**
UTIMCO Management Fee (includes all operating expenses associated with the general management of the Funds)	**$ 7.9**	**$ 0.8**	**$ 4.4**		**$ 2.9**			**$ 16.0**
Allocation Ratio	**49%**	**5%**	**28%**		**18%**			**100%**
Direct Expenses of the Fund								
External Management Fees	$ 8.9	$ -	$ -	$ 4.9	$ 4.9			$ 18.7
External Management Fees - Performance Based	5.3	-	-	2.8	1.9			10.0
Other Direct Costs	2.4	0.0	0.0	1.7	1.3			5.4
Total Direct Expenses of the Fund	16.6	0.0	0.0	9.4	8.1			34.1
TOTAL	**$ 24.5**	**$ 0.8**	**$ 4.4**	**$ 9.4**	**$ 11.0**			**$ 50.1**
Percentage of Market Value (in basis points)								
UTIMCO Services	9.5	11.1	11.6	-	9.8			9.1
Direct Expenses of the Fund	20.0	0.4	0.1	20.7	27.7			19.5
TOTAL	**29.5**	**11.5**	**11.7**	**20.7**	**37.5**			**28.6**

UTIMCO 7/9/2009

8. <u>U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions</u>

The Board

a. adopted a Supplemental Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed $800 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program (CIP) and to pay the costs of issuance; and

b. authorized appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

On May 14, 2009, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed $700 million. A portion of this authority was utilized with the issuance of $330.5 million in RFS Taxable Bonds, Series 2009B (Build America Bonds), that were issued on June 17, 2009, and $260.0 million of RFS Bonds, Series 2009D, that were issued on July 15, 2009. Adoption of the resolution on May 14, 2009, rescinded the remaining issuance authority under the resolution approved by the Board of Regents on August 14, 2008.

Adoption of this Resolution rescinds the remaining issuance authority under the resolution approved by the Board of Regents in May, and provides a similar authorized amount and purposes as the prior resolution, including the flexibility to issue a portion of the bonds as taxable bonds and to designate such bonds as Build America Bonds.

Adoption of the Resolution also authorizes appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the issuance of all or a portion of the bonds as taxable Build America Bonds. The determination of whether to designate any bonds as Build America Bonds will be made by the appropriate officer based on what is most cost-effective at the time of pricing. The Resolution also authorizes the issuance of taxable bonds, without designating such taxable bonds as Build America Bonds, which may be necessary due to the use of certain facilities. Adoption of the Resolution also authorizes appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the allowable credit to be refunded to U. T. System in the event that all or a portion of the financing is issued as taxable Build America Bonds.

9. <u>U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions</u>

The Board

a. adopted a Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed $400 million to be used to refund certain outstanding PUF Bonds, to refund PUF Flexible Rate Notes, Series A, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs and to pay the costs of issuance; and

b. authorized appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

On May 14, 2009, the Board of Regents adopted an amended and restated resolution authorizing the issuance of PUF Bonds in an amount not to exceed $500 million. Adoption of this Resolution rescinds the resolution approved by the Board of Regents in May, and provides a similar authorized amount and purposes as the prior resolution, including the flexibility to issue a portion of the bonds as taxable bonds and to designate such bonds as Build America Bonds.

Adoption of the Resolution also authorizes appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the issuance of all or a portion of the bonds as taxable Build America Bonds.

The determination of whether to designate any bonds as Build America Bonds will be made by the appropriate officer based on what is most cost-effective at the time of pricing. The Resolution also authorizes the issuance of taxable bonds, without designating such taxable bonds as Build America Bonds, which may be necessary to manage the federal arbitrage limit applicable to the PUF. Adoption of the Resolution also authorizes appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the allowable credit to be refunded to U. T. System in the event that all or a portion of the financing is issued as taxable Build America Bonds.

10. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt

The Board adopted resolutions substantially in the form set out on Pages 104 - 124 authorizing appropriate officers of The University of Texas System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

The U. T. System Interest Rate Swap Policy was adopted as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202 on December 10, 2004. The Rule was subsequently amended on August 23, 2007.

Texas Education Code Section 65.461 provides specific authority to the U. T. System Board of Regents to enter into "bond enhancement agreements," which include interest rate swaps and related agreements in connection with administration of the U. T. System's RFS and PUF debt programs.

On August 14, 2008, the Board approved bond enhancement agreement resolutions for FY 2009. Approval of this item authorizes the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2010. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chairman of the Board of Regents and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF BOND ENHANCEMENT AGREEMENTS RELATING TO REVENUE FINANCING SYSTEM DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 20, 2009

WHEREAS, the Board of Regents (the "Board") of The University of Texas System (the "System") is the governing body of the System, an institution of higher education under the *Texas Education Code* and an agency of the State of Texas; and

WHEREAS, on February 14, 1991, the Board adopted the First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System and amended such resolution on October 8, 1993, and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution or as set forth in Exhibit A hereto; and

WHEREAS, the Master Resolution establishes the Revenue Financing System comprised of the institutions now or hereafter constituting components of the System that are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Board has adopted Supplemental Resolutions to the Master Resolution authorizing the issuance of Parity Debt thereunder as special, limited obligations of the Board payable solely from and secured by a lien on and pledge of Pledged Revenues pledged for the equal and proportionate benefit and security of all owners of Parity Debt; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) executed or to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Resolution attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation", and collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2010.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding Parity Debt or Parity Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "Credit Agreement" as defined in the Master Resolution and a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code* ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not be considered a "credit agreement" under Chapter 1371 of the *Texas Government Code*, as amended ("Chapter 1371"), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Maximum Term. The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Parity Debt or the related Parity Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Parity Debt and related Parity Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same Parity Debt may exceed the principal amount of the related Parity Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 6 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such

Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. BOND ENHANCEMENT AGREEMENTS AS PARITY DEBT. The costs of any Bond Enhancement Agreement and the amounts payable thereunder shall be payable out of Pledged Revenues and each Bond Enhancement Agreement shall constitute Parity Debt under the Master Resolution, except to the extent that a Bond Enhancement Agreement provides that an obligation of the Board thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of the Parity Debt. The Board determines that this Resolution shall constitute a Supplemental Resolution to the Master Resolution and as required by Section 5(a) of the Master Resolution, the Board further determines that upon the delivery of the Bond Enhancement Agreements authorized by this Resolution it will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System and that the Members on whose behalf such Bond Enhancement Agreements are entered into possess the financial capacity to satisfy their Direct Obligations after taking such Bond Enhancement Agreements into account.

SECTION 4. AUTHORIZATION FOR SPECIFIC TRANSACTIONS. In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(A) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to Parity Debt then outstanding bearing interest at a variable rate and Parity Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable Parity Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(B) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to Parity Debt then outstanding bearing interest at a fixed rate and Parity Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate Parity Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the Parity Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate Parity Debt.

(C) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as the London Interbank Offered Rate ("LIBOR"), with respect to a designated maturity or principal amount of outstanding Parity Debt and Parity Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its Parity Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on Parity Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(D) Interest rate locks, caps, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding Parity Debt or additional Parity Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

SECTION 5. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as further limited by subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board and that the applicable projects have received the required approval or review of the Texas Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the *Texas Education Code*; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 6. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PARITY DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated Parity Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Parity Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event to (i) delay the effective date of such Bond Enhancement Agreement; or (ii) replace such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated Parity Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this

Resolution in connection with the anticipated issuance of Parity Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated Parity Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement to (i) reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated Parity Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable Parity Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to either (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including, but not limited to, a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to Parity Debt anticipated to be issued to refund outstanding Parity Debt.

(d) Required Description of Anticipated Parity Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated Parity Debt stating: (i) the anticipated issuance date of such Parity Debt or a range of anticipated dates of up to six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such Parity Debt in the Board's then current Capital Improvement Program; (ii) whether such Parity Debt will bear interest at a fixed or variable rate; (iii) if such Parity Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such Parity Debt is anticipated; (iv) if such Parity Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such Parity Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such Parity Debt will be used; and (vii) for Parity Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with Parity Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with Parity Debt anticipated to be issued for the purpose of advance refunding any existing Parity Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such new issue of Parity Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is anticipated to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in a supplemental resolution approved by the Board authorizing the issuance of additional Parity Debt), and in such event, the Board hereby declares its intention to cause such Parity Debt to be issued. No such certification or declaration shall be applicable in connection with Parity Debt anticipated to be issued for the purpose of currently refunding any existing Parity Debt within ninety (90) days of the date of issuance of such new Parity Debt.

SECTION 7. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance with this Resolution and in furtherance of and to carry out the intent hereof.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 8. ADDITIONAL AUTHORIZATION; RATIFICATION OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers or officials of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such officer or official shall deem appropriate, including without limitation, officer's certificates, legal opinions, and credit support documents.

(b) Further Actions. All officers or officials of the Board and its agents and counsel are authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Authorized Representative" – As defined in the System's Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

"Board" – The Board of Regents of The University of Texas System.

"Bond Enhancement Agreement" – Collectively, each Confirmation and the applicable Master Agreement.

"Chapter 1371" – Chapter 1371 of the *Texas Government Code*, as amended.

"Confirmation" – Each confirmation entered into by an Authorized Representative on behalf of the Board pursuant to this Resolution.

"Executed Master Agreements" – The following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;

(ii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;

(iii) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;

(iv) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;

(v) ISDA Master Agreement with UBS AG, dated as of November 1, 2007; and

(vi) ISDA Master Agreement with Royal Bank of Canada, dated as of April 4, 2008.

"ISDA" – The International Swaps and Derivatives Association, Inc.

"LIBOR" – London Interbank Offered Rate.

"Master Agreements" – Collectively, the Executed Master Agreements and any New Master Agreements.

"Master Resolution" – The First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993, and August 14, 1997.

"New Master Agreements" – Any ISDA Master Agreements entered into by an Authorized Representative pursuant to Section 7(a) of this Resolution.

"Section 65.461" – Section 65.461 of the *Texas Education Code*.

"System" – The University of Texas System.

EXHIBIT B

INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM

[On File with the Board]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On File with the Board]

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF BOND ENHANCEMENT AGREEMENTS RELATING TO PERMANENT UNIVERSITY FUND DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 20, 2009

WHEREAS, the Board of Regents (the "Board") of The University of Texas System (the "System") is the governing body of the System, an institution of higher education under the *Texas Education Code* and an agency of the State of Texas (the "State"); and

WHEREAS, the Permanent University Fund is a constitutional fund and public endowment created in the Texas Constitution of 1876, as created, established, implemented and administered pursuant to Sections 10, 11, 11a, 11b, 15 and 18 of Article VII of the Constitution of the State, as amended, and by other applicable present and future constitutional and statutory provisions, and further implemented by the provisions of Chapter 66, *Texas Education Code*, as amended, the "Permanent University Fund"); and

WHEREAS, the Available University Fund is defined by the Constitution of the State and consists of distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land, as determined by the Board pursuant to Section 18 of Article VII of the Constitution of the State (the "Available University Fund"); and

WHEREAS, Section 18 of Article VII of the Constitution of the State, as may hereafter be amended (the "Constitutional Provision"), authorizes the Board to issue bonds and notes ("PUF Debt") not to exceed a total amount of 20% of the cost value of investments and other assets of the Permanent University Fund, exclusive of real estate, at the time of issuance thereof and to pledge all or any part of its two-thirds interest in the Available University Fund (the "Interest of the System") to secure the payment of the principal of and interest on PUF Debt, for the purpose of acquiring land, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Provision or prior law, at or for the System Administration and institutions of the System as listed in the Constitutional Provision; and

WHEREAS, the Constitutional Provision also provides that out of the Interest of the System in the Available University Fund there shall be appropriated an annual sum sufficient to pay the principal and interest due on PUF Debt, and the remainder of the Interest of the System in the Available University Fund (the "Residual AUF") shall be appropriated for the support and maintenance of The University of Texas at Austin and the System Administration; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning as set forth in Exhibit A hereto; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify the U.T. System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the U.T. System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. Capitalized terms used in this Resolution and not otherwise defined shall have the meanings given in Exhibit A attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the U.T. System Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2010.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding PUF Debt or PUF Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code* ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not be considered a "credit agreement" under Chapter 1371 of the *Texas Government Code*, as amended ("Chapter 1371"), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Costs; Maximum Term. The costs of any Bond Enhancement Agreement and the amounts payable thereunder, including but not limited to any amounts payable by the Board as a result of terminating a Bond Enhancement Agreement, shall be payable from the Residual AUF as a cost of the support and maintenance of System administration or from any other source that is legally available to make such payments.

The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related PUF Debt or the related PUF Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related PUF Debt or related PUF Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same PUF Debt may exceed the principal amount of the related PUF Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 5 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS. In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(A) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to PUF Debt then outstanding bearing interest at a variable rate and any PUF Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable PUF Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(B) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to PUF Debt then outstanding bearing interest at a fixed rate or PUF Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate PUF Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the PUF Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate PUF Debt.

(C) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as a designated maturity of the London Interbank Offered Rate ("LIBOR"), with respect to a given principal amount of PUF Debt then outstanding or PUF Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its PUF Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on PUF Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(D) Interest rate locks, caps, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding PUF Debt or additional PUF Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

SECTION 4. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as provided in subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board and that the applicable projects have received the required approval or review of the Texas Higher Education Coordinating Board to the extent and as required by the provisions of Section 61.058 of the *Texas Education Code*; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 5. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PUF DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated PUF Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such PUF Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event (i) to delay the effective date of such Bond Enhancement Agreement; or (ii) to replace such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated PUF Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated PUF Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement (i) to reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated PUF Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable PUF Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to either (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including but not limited to a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to PUF Debt anticipated to be issued to refund outstanding PUF Debt.

(d) Required Description of Anticipated PUF Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated PUF Debt stating: (i) the anticipated issuance date of such PUF Debt or a range of anticipated dates of up to six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such PUF Debt in the Board's then current Capital Improvement Program; (ii) whether such PUF Debt will bear interest at a fixed or variable rate; (iii) if such PUF Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such PUF Debt is anticipated; (iv) if such PUF Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such PUF Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such PUF Debt will be used; and (vii) for PUF Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with PUF Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Advance Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with PUF Debt anticipated to be issued for the purpose of advance refunding any existing PUF Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such new issue of PUF Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is anticipated to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in the resolution approved by the Board authorizing the issuance of such new issue of PUF Debt), and in such event, the Board hereby declares its intention to cause such new PUF Debt to be issued. No such certification or declaration shall be applicable in connection with PUF Debt anticipated to be issued for the purpose of currently refunding any existing PUF Debt within ninety (90) days of the date of issuance of such new PUF Debt.

SECTION 6. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance with this Resolution and in furtherance of and to carry out the intent hereof.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 7. ADDITIONAL AUTHORIZATION; RATIFICATION OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers or officials of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such officer or official shall deem appropriate, including without limitation, officer's certificates, legal opinions, and credit support documents.

(b) Further Actions. All officers or officials of the Board and its agents and counsel are authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies and affirms the U.T. System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

[Remainder of page intentionally left blank]

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Authorized Representative" shall have the meaning given to such term in the System's Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

"Available University Fund" shall have the meaning given to such term in the recitals to this Resolution.

"Board" shall have the meaning given to such term in the recitals to this Resolution.

"Bond Enhancement Agreement" shall have the meaning given to such term in Section 2(a) hereof.

"Chapter 1371" shall have the meaning given to such term in Section 2(b) hereof.

"Confirmation" shall have the meaning given to such term in Section 2(a) hereof.

"Constitutional Provision" shall have the meaning given to such term in the recitals to this Resolution.

"Executed Master Agreements" shall mean the following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 1, 2007;

(ii) ISDA Master Agreement with Goldman Sachs Capital Markets, L.P., dated as of December 1, 2007;

(iii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of December 1, 2007;

(iv) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of December 1, 2007;

(v) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 1, 2007;

(vi) ISDA Master Agreement with the Royal Bank of Canada dated as of May 22, 2008; and

(vii) ISDA Master Agreement with UBS AG, dated as of April 1, 2008.

"Interest of the System" shall have the meaning given to such term in the recitals to this Resolution.

"ISDA" shall mean the International Swaps and Derivatives Association, Inc.

"LIBOR" shall have the meaning given to such term in clause (C) of Section 3 hereof.

"Master Agreements" shall mean, collectively, the Executed Master Agreements and any New Master Agreements.

"New Master Agreements" shall have the meaning given to such term in Section 6(a) hereof.

"Permanent University Fund" shall have the meaning given to such term in the recitals to this Resolution.

"PUF Debt" shall have the meaning given to such term in the recitals to this Resolution.

"Residual AUF" shall have the meaning given to such term in the recitals to this Resolution.

"Section 65.461" shall have the meaning given to such term in Section 2(b) hereof.

"State" shall have the meaning given to such term in the recitals to this Resolution.

"System" shall have the meaning given to such term in the recitals to this Resolution.

EXHIBIT B

INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM

[On file with the Board]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On file with the Board]

11. U. T. System: Approval of aggregate amount of $125,918,000 of equipment financing for Fiscal Year 2010 and resolution regarding parity debt

The Board

a. approved an aggregate amount of $125,918,000 of Revenue Financing System Equipment Financing for FY 2010 as allocated to those University of Texas System institutions set out on Page 126; and

b. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;

- the U. T. System institutions and U. T. System Administration, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of $125,918,000 for the purchase of equipment; and

- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

On April 14, 1994, the U. T. System Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System. Equipment financing is used for the purchase of equipment in lieu of more costly vendor financing. The guidelines specify that the equipment to be financed must have a useful life of at least three years. The debt is amortized twice a year with full amortization not to exceed 10 years.

The U. T. System Board of Regents approved $133,006,000 of equipment financing in Fiscal Year 2009, of which $75,978,000 has been issued as of August 3, 2009.

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING
FY 2010

Institution	$ Amount of Request	Description of Expected Equipment Purchases	DSC*
U. T. Austin	$3,000,000	Classroom equipment, research equipment, information technology equipment, and athletics equipment	2.2x
U. T. Dallas	7,000,000	Pilot Shared Services/Student Systems Project and PeopleSoft Enterprise Application Project	2.5x
U. T. El Paso	918,000	Vehicle replacement and athletics turf replacement	2.6x
U. T. Southwestern Medical Center - Dallas	34,000,000	Information technology equipment, clinical and hospital equipment, and non-clinical equipment	2.5x
U. T. Medical Branch - Galveston	40,000,000	Clinical equipment, information technology equipment, research-related equipment, facilities-related equipment	3.1x
U. T. Health Science Center - Houston	3,000,000	Lab equipment and office furnishings	1.7x
U. T. Health Science Center - San Antonio	4,000,000	Research equipment, clinical equipment, and infrastructure equipment	1.5x
U. T. M. D. Anderson Cancer Center	30,000,000	Medical equipment, research equipment, technology equipment, and diagnostic equipment	5.8x
U. T. Health Science Center - Tyler	4,000,000	Information technology equipment, clinical equipment, and research equipment	2.3x

Total	$125,918,000

* Debt Service Coverage ("DSC") based on six-year forecasted Statement of Revenues, Expenses, and Changes in Net Assets ("SRECNA") for FY2009 – FY2014.

U. T. System Office of Finance, July 9, 2009

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 127 - 128).--Committee Chairman Longoria reported that the Academic Affairs Committee met in open session to consider a matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. <u>U. T. Arlington: Authorization to acquire approximately 1.466 acres out of Lot 24R, John Huitt Addition, Arlington, Tarrant County, Texas, from the First Baptist Church of Arlington, Texas, to use, in conjunction with other U. T.-owned property, as the location of a parking garage and residence hall to be constructed by U. T. Arlington for its Special Events Center, in exchange for an agreement with First Baptist Church of Arlington, Texas, to use parking spaces in the garage</u>

On behalf of The University of Texas at Arlington, authorization was granted to

a. acquire approximately 1.466 acres out of Lot 24R, John Huitt Addition, Arlington, Tarrant County, Texas, from the First Baptist Church of Arlington, Texas, to use, in conjunction with other U. T.-owned property, as the location of a parking garage and residence hall to be constructed by U. T. Arlington for its Special Events Center, in exchange for an agreement with First Baptist Church of Arlington, Texas, to use parking spaces in the garage; and

b. authorize the Executive Director of Real Estate to execute all other documents, instruments, and all other agreements subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

First Baptist Church of Arlington (FBCA) has offered to convey approximately 1.466 acres improved with surface parking to the Board of Regents for the use and benefit of U. T. Arlington. The land will be used, in conjunction with other U. T.-owned property, for the location of U. T. Arlington's proposed parking garage, which will support the institution's Special Events Center to be constructed immediately south of the parking garage. The parking garage will be a part of a complex that will include student housing and possible office and retail uses. Both the Special Events Center and parking garage were approved for construction by the Board of Regents on February 12, 2009 and May 14, 2009, respectively.

FBCA's land will permit U. T. Arlington to construct an estimated 500 to 600 parking spaces out of the total estimated 1,800 spaces in the garage.

In exchange for the conveyance, FBCA will obtain the right to park up to 400 cars in the garage for its members' use for five hours on Sundays and up to 100 cars per day for its members' daytime use on Mondays through Saturdays. U. T. Arlington will, however, have first priority to the parking spaces if specific functions at the Special Events Center so require. The parking rights will be for an initial term of 30 years, with two 10-year renewal options.

The appraised value of the land is $486,000 and the estimated net present value of FBCA's parking rights is in the range of $239,000 to $347,000. This range of values was determined based on parking fees currently charged by U. T. Arlington and on the recognition that no fees are charged in downtown Arlington or at downtown Fort Worth's Sundance Square on weekends and evenings.

2. U. T. System: Report on Transforming Undergraduate Education

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Discussions on academic leadership matters related to interinstitutional collaboration

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 129 - 144).--Committee Chairman McHugh reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. <u>U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2010, distribute a portion of Plan premium returns, amend the Plan, and adopt a new premium rate structure for medical student externships</u>

   The Board approved the following actions concerning The University of Texas System Professional Medical Liability Benefit Plan:

   a. the premium rates for faculty and residents for Fiscal Year 2010 were reduced by an average of 10% from the rates for Fiscal Year 2009 (see new rates in Exhibit 1 on Pages 131 - 132);

   b. the cap on institutional premium rates was reduced by $10,000 from $100,000 to $90,000 for Fiscal Year 2010;

   c. the premium rates for medical students in Texas and international coverage rates for Fiscal Year 2010 remain unchanged from the rates for Fiscal Year 2009;

   d. the Plan was amended to read as set forth on Page 136 to make coverage available for medical student externships outside Texas in an amount up to $2 million per claim and $5 million aggregate per Plan year, along with a new rate structure that is set forth in Exhibit 2 on Pages 133 - 134; and

   e. $12.5 million will be distributed from Plan returns for Fiscal Year 2010 as set forth in Exhibit 3 on Page 135 and as follows: $10 million to the participating U. T. System institutions based on the institution's loss ratio and $2.5 million to support patient safety efforts in the area of Health Information Technology.

   On March 26, 2008, the Board of Regents endorsed a three-year plan forwarded by the Plan Management Committee to reduce the reserves held in the Plan to industry standard reserve requirements according to generally accepted industry standards. The premium rates are based on the average 10% reduction combined with a factor determined through the annual actuarial assessment of loss experience by institution, with the assumption that no institution's rates would be increased. The premium reductions and distribution are in keeping with the plan to reduce reserves.

Previous distributions were initially based solely on the institution's pro rata share of premiums paid into the Plan in the preceding year; however, last year the distribution plan was based 50% on the pro rata share of premiums and 50% based on the institution's loss ratio, or claims history. In a continuing effort to encourage ever-increasing patient safety and systemic remediation, the $10 million distribution plan for this year is based entirely on the institution's loss ratio.

In addition to the $10 million to be distributed to participating institutions, $2.5 million is for support of patient safety initiatives specifically in the area of Health Information Technology to promote improved networking and management of health information. This funding should support Systemwide attempts to gain stimulus funding for Health Information Technology that is anticipated to require matched funding and would be managed under a grant process by the Executive Vice Chancellor for Health Affairs.

Medical student externships provide a valuable opportunity for medical students to participate in an out-of-state clinical experience that is often the prelude to a medical residency. However, other states usually require higher medical liability limits than the Plan provides in Texas. While the Plan currently provides limits of $1 million per claim and $3 million aggregate for purchase by medical students, some states require even higher coverage.

The Plan amendment, set forth on Page 136, permits a higher limit on coverage while the rate structure provides flexibility to accommodate varying coverage limits depending on the jurisdiction and the institutional requirement.

Exhibit 1

The University of Texas System Professional Medical Liability Benefit Plan

Summary of Recommended Annual Rates by Risk Class by Institution

Physician Risk Class 1

Institution	Recommended Rates for 9/1/2009 Faculty	Recommended Rates for 9/1/2009 Resident
UTMDACC	$552	$516
UTSWMC	576	540
UTMB	720	672
UTHSCH	816	768
UTHSCSA	684	636
UTHSCT	756	696
UTAustin	684	636
UTA	684	636
UTSA	684	636

Physician Risk Class 2

Institution	Recommended Rates for 9/1/2009 Faculty	Recommended Rates for 9/1/2009 Resident
UTMDACC	$864	$816
UTSWMC	900	852
UTMB	1,116	1,056
UTHSCH	1,284	1,212
UTHSCSA	1,068	1,008
UTHSCT	1,176	1,104
UTAustin	1,068	1,008
UTA	1,068	1,008
UTSA	1,068	1,008

Physician Risk Class 3

Institution	Recommended Rates for 9/1/2009 Faculty	Recommended Rates for 9/1/2009 Resident
UTMDACC	$1,380	$1,296
UTSWMC	1,428	1,344
UTMB	1,788	1,680
UTHSCH	2,040	1,920
UTHSCSA	1,704	1,596
UTHSCT	1,872	1,752
UTAustin	1,704	1,596
UTA	1,704	1,596
UTSA	1,704	1,596

Physician Risk Class 4

Institution	Recommended Rates for 9/1/2009 Faculty	Recommended Rates for 9/1/2009 Resident
UTMDACC	$2,580	$2,412
UTSWMC	2,676	2,496
UTMB	3,336	3,120
UTHSCH	3,816	3,576
UTHSCSA	3,180	2,976
UTHSCT	3,504	3,276
UTAustin	3,180	2,976
UTA	3,180	2,976
UTSA	3,180	2,976

Exhibit 1 (cont'd)

The University of Texas System Professional Medical Liability Benefit Plan

Summary of Recommended Annual Rates by Risk Class by Institution

Physician Risk Class 5

Institution	Recommended Rates for 9/1/2009 Faculty	Resident
UTMDACC	$3,792	$3,564
UTSWMC	3,936	3,696
UTMB	4,920	4,620
UTHSCH	5,616	5,280
UTHSCSA	4,680	4,404
UTHSCT	5,148	4,848
UTAustin	4,680	4,404
UTA	4,680	4,404
UTSA	4,680	4,404

General Dentist Risk Class A

Institution	Recommended Rates for 9/1/2009 Faculty	Resident
UTMDACC	$192	$180
UTSWMC	204	192
UTMB	252	240
UTHSCH	288	276
UTHSCSA	240	228
UTHSCT	264	252
UTAustin	240	228
UTA	240	228
UTSA	240	228

Oral Surgery Risk Class B

Institution	Recommended Rates for 9/1/2009 Faculty	Resident
UTMDACC	$864	$816
UTSWMC	900	852
UTMB	1,116	1,056
UTHSCH	1,284	1,212
UTHSCSA	1,068	1,008
UTHSCT	1,176	1,104
UTAustin	1,068	1,008
UTA	1,068	1,008
UTSA	1,068	1,008

Exhibit 2

The University of Texas System Professional Medical Liability Benefit Plan

2009/2010 - Medical Student Externship Rates

	Daily Rates		
	Option 1	Option 2	Option 3
State Group	$200K/$600K Daily Rates	$1M/$3M Daily Rates	$2M/$5M Daily Rates
A	$0.71	$1.37	$1.68
B	$0.95	$1.83	$2.23
C	$1.24	$2.38	$2.90
D	$1.72	$3.29	$4.14
E	$3.32	$6.39	$8.05

Prepared by KPMG LLP
July 27, 2009

Exhibit 2 (cont'd)

The University of Texas System Professional Medical Liability Benefit Plan

2009/2010 - Medical Student Externship Rates

State Group

A	B	C	D	E
Alabama	Alaska	Arizona	California 2	Florida 2
Arkansas	California 1	Hawaii	D.C.	Michigan 2
Colorado	Connecticut	Illinois 1	Florida 1	New York 2
Georgia	Delaware	Louisiana	Illinois 2	
Idaho	Kansas	Missouri	Michigan 1	
Indiana	Maryland 2	Nevada 2	New York 1	
Iowa	Nevada 1	Ohio 2	Ohio 3	
Kentucky	New Hampshire	Oklahoma	Rhode Island	
Maine	New Jersey	Pennsylvania 2	West Virginia	
Maryland 1	New Mexico	Wyoming		
Massachusetts	North Dakota	CANADA		
Minnesota	Ohio 1			
Mississippi	Utah			
Montana	Virginia 2			
Nebraska				
North Carolina				
Oregon				
Pennsylvania 1				
South Carolina				
South Dakota				
Tennessee				
Vermont				
Virginia 1				
Washington				
Wisconsin				

Group Definition

State	Counties
California 1	Rest of State
California 2	Los Angeles, Orange, San Bernardino
Florida 1	Rest of State
Florida 2	Broward, Dade
Illinois 1	Rest of State
Illinois 2	Cook, DuPage, Madison, McHenry, Kane, Lake, St. Clair, Will
Maryland 1	Rest of State
Maryland 2	City and County of Baltimore
Michigan 1	Rest of State
Michigan 2	Macomb, Oakland, Wayne
Nevada 1	Rest of State
Nevada 2	Clark
New York 1	Rest of State
New York 2	Bronx, Kings, New York, Orange, Queens, Richmond, Rockland, Sullivan, Ulster, Westchester
Ohio 1	Rest of State
Ohio 2	Cuyahoga, Geauga, Huron, Lake, Lorain, Mahoning, Marion, Medina, Stark, Summit
Ohio 3	Ashtabula, Columbiana, Portage, Richland, Trumbull
Pennsylvania 1	Rest of State
Pennsylvania 2	Bucks, Schuylkill, Philadelphia, Montgomery, Delaware
Virginia 1	Rest of State
Virginia 2	Arlington, Fairfax, Fauquier, Gloucester, Isle of Wight, James City, Loudoun, Prince William, Surry, York

Prepared by KPMG LLP
July 27, 2009

Exhibit 3

The University of Texas System Professional Medical Liability Benefit Plan

Proposed Distribution of Plan Returns

Institution	FY2006-FY2008 Premiums Paid	FY2006-FY2008 Claims	Loss Ratio[1]	Distribution (100% Loss Ratio)
UTMDACC	6,759,578	1,607,578	24%	1,797,383
UTSWMC	10,784,983	4,405,118	41%	1,669,764
UTMB	14,823,022	4,062,491	27%	3,420,225
UTHSCH	6,751,371	3,541,054	52%	814,001
Medical Foundation	4,399,518	2,307,521	52%	530,442
UTHSCSA	9,827,360	3,981,511	41%	1,533,908
UTHSCT	584,646	95,457	16%	226,439
UT Austin	105,796	324,093	306%	2,184
UTA	5,794	-	0%	2,244
UTSA	8,803	-	0%	3,410
Subtotal	$54,050,871	$20,324,823	38%	$ 10,000,000
Health Information Technology				$ 2,500,000
TOTAL PROPOSED DISTRIBUTION				**$ 12,500,000**

[1] For academic institutions with a 0% loss ratio, the best health institution loss ratio was applied (UTHSCT).

Prepared by Office of Risk Management
July 27, 2009

THE UNIVERSITY OF TEXAS SYSTEM PROFESSIONAL

MEDICAL LIABILITY BENEFIT PLAN

ARTICLE VII

LIMITS OF LIABILITY

. . .

Limits of Liability Schedule

The following limits shall apply unless lower liability limits are set by law, in which case the lower limits shall apply:

Staff Physician - $500,000.00 per Liability Claim (up to $1,500,000.00 for all Liability Claims during any one enrollment period)

Resident and Fellows - $100,000.00 per Liability Claim (up to $300,000.00 for all Liability Claims during any one enrollment period)

Medical or Dental Student - $25,000.00 per Liability Claim (up to $75,000.00 for all Liability Claims during any one enrollment period); upon approval by the Plan Administrator or a delegate, additional limits up to $2,000,000.00 per Liability Claim (up to $5,000,000.00 for all Liability Claims during any one enrollment period) may be made available for student participation in externships outside of Texas that meet the conditions of participation set by the Plan Administrator, or a designee, for student externships

Annual Aggregate - $30,000,000.00 for all Liability Claims for all Participants during any one Plan year

Per Claim Limitation - Plan liability shall be limited to $2,000,000.00 per claim regardless of the number of the claimants or Plan Participants involved in an incident.

. . . .

2. <u>U. T. Health Science Center – Houston: Authorization to lease approximately 14,129 square feet of space in the office building at 1616 Guadalupe Street, Austin, Travis County, Texas, from U. T. System Administration for the Austin Regional Campus of the School of Public Health</u>

On behalf of The University of Texas Health Science Center at Houston, approval was granted to

a. lease approximately 14,129 square feet of space in the office building at 1616 Guadalupe Street, Austin, Travis County, Texas, from The University of Texas System Administration for the Austin Regional Campus of the School of Public Health; and

b. authorize the Executive Director of Real Estate to execute the lease and all documents, instruments, and other agreements on behalf of U. T. System Administration, and authorize the President of U. T. Health Science Center – Houston to execute the lease and all documents, instruments, and other agreements on behalf of the institution, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing action.

The Austin Regional Campus of the U. T. Health Science Center – Houston School of Public Health has outgrown its current space at 12th and Trinity Streets in Austin, Texas, and needs additional space for its educational mission. The building at 1616 Guadalupe has seven floors, with the first through the fifth floors being beneficially used by The University of Texas at Austin and the sixth and seventh floors being beneficially used by U. T. System Administration.

U. T. System Administration's Office of Facilities Planning and Construction (OFPC) occupies the sixth and seventh floor, but has consolidated its operations and therefore has excess space available to lease to the School of Public Health to accommodate the increasing number of students on its Austin Regional Campus, while allowing OFPC to reduce its space costs. The Austin Regional Campus will use the space for offices for faculty and staff. Existing conference rooms on the sixth and seventh floors will provide space for classroom instruction.

The building was purchased by U. T. Austin in December 2006. The purchase price of $22 million was permanently financed with bonds issued in January 2007 (the Acquisition Bonds). In July 2007, U. T. Austin and U. T. System Administration entered into a Memorandum of Understanding pursuant to which U. T. System Administration became a part beneficial owner of the building (the sixth and seventh floors). Subsequently, the renovation of the building was approved with a Total Project Cost of $36.3 million, of which $18.925 million was permanently financed with three tranches of bonds issued in March 2008, June 2009, and July 2009 (collectively, the Renovation Bonds). U. T. System Administration reimburses U. T. Austin 100% for the debt service on the Renovation Bonds as and when bond payments are made. Rental to be paid by U. T. Health Science Center – Houston will be that institution's pro rata share of the payments made by U. T. System Administration to U. T. Austin.

Supplemental information from the transaction summary included in the agenda materials follows:

Parking:	Approximately 43 spaces in the adjacent parking garage
Annual Rent:	Initial annual base rental will be $23.30 per rentable square foot (approximately $329,206 per year); base rent will be adjusted to reimburse U. T. System Administration on a pro rata basis for the payments U. T. System Administration makes to U. T. Austin for debt service on the Renovation Bonds; when the Renovation Bonds have matured, future base rent will be at market; in addition, the tenant will pay its pro rata share of operating costs, currently estimated at $5.77 per rentable square foot
Lease Term:	10-year initial term with two five-year options to renew
Source of Funds:	State funds

3. <u>U. T. M. D. Anderson Cancer Center and U. T. Health Science Center – Houston: Authorization to effectuate the following set of related transactions to facilitate the construction by U. T. Health Science Center – Houston of the Dental Branch Building: (a) the transfer of use of the following properties from U. T. Health Science Center – Houston to U. T. M. D. Anderson Cancer Center: approximately 3.7 acres of land with improvements located at 6516 M. D. Anderson Boulevard, Houston, Harris County, Texas, and containing the current Dental Branch Building; and approximately 5.1 acres of land at 1881 East Road, Houston, Harris County, Texas, and U. T. Health Science Center – Houston's interest in the Joint Research Building (JRB) now under construction on the tract, together with the assumption by U. T. M. D. Anderson of the payment obligations related to the construction of the JRB; (b) the transfer of use from U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of a portion of the tunnel linking the JRB and U. T. Health Science Center – Houston's Biomedical Research and Educational Facility, both located on East Road, Houston, Harris County, Texas; (c) the lease by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of approximately 33,775 square feet in the JRB; and (d) the payment by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of $57 million over 20 years</u>

On behalf of The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Houston, authorization was granted to

a. transfer the use of the following properties from U. T. Health Science Center – Houston to U. T. M. D. Anderson Cancer Center: approximately 3.7 acres of land with improvements located at 6516 M. D. Anderson Boulevard, Houston, Harris County, Texas, and containing the current Dental Branch Building; and approximately 5.1 acres of land at 1881 East Road, Houston, Harris County, Texas, and U. T. Health Science Center – Houston's interest in the Joint Research Building (JRB) now under construction on the tract, together with the assumption by U. T. M. D. Anderson of the payment obligations related to the construction of the JRB;

b. transfer the use from U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of a portion of the tunnel linking the JRB and U. T. Health Science Center – Houston's Biomedical Research and Educational Facility (BREF), both located on East Road, Houston, Harris County, Texas;

c. authorize a lease by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of approximately 33,775 square feet in the JRB for a term of 10 years with two 10-year options to extend;

d. authorize the payment by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of $57 million over 20 years; and

e. authorize the institutional presidents to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel and the Executive Director of Real Estate, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

To facilitate U. T. Health Science Center – Houston's construction, in a single phase, of the Dental Branch Building within the U. T. Research Park, the institutions will transfer use of certain properties, a lease by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston of most of a floor in the JRB, and cash payments by U. T. M. D. Anderson Cancer Center to U. T. Health Science Center – Houston.

U. T. Health Science Center – Houston will transfer use of its existing Dental Branch facility, consisting of a 225,000 square foot building on approximately 3.7 acres of land located at 6516 M. D. Anderson Boulevard, adjacent to the Cancer Center's main hospital complex, to U. T. M. D. Anderson Cancer Center by June 30, 2014. The existing Dental Branch facility was built in 1955 and is obsolete; any renovations would require costly upgrading and remediation.

The JRB is a six-story building of approximately 315,000 square feet that is currently being constructed at 1881 East Road on 5.1 acres within the U. T. Research Park. The institutions have been collaborating on the construction and development of the JRB and originally contemplated that the JRB would be owned for use by both institutions, with U. T. Health Science Center – Houston having the exclusive permanent use of the fifth and sixth floors in the JRB. The land for the JRB was contributed by U. T. Health Science Center – Houston.

U. T. Health Science Center – Houston will transfer use of the land beneath the JRB and use of the fifth and sixth floors and two shared floors of the JRB to U. T. M. D. Anderson Cancer Center, which will then lease most of the sixth floor, in shell condition, and an office on the first floor to U. T. Health Science Center – Houston for a term of 10 years, with two 10-year options to extend.

U. T. M. D. Anderson Cancer Center will transfer use to U. T. Health Science Center – Houston of the tunnel connecting the JRB to the BREF. Although the Cancer Center built this tunnel, the Health Science Center became responsible, through an agreement between the institutions in 2008, for the operating expenses of this tunnel.

U. T. M. D. Anderson Cancer Center will gain land adjacent to its main hospital complex, in the heart of the Texas Medical Center, and additional research space in the JRB. U. T. Health Science Center – Houston will gain access to the JRB via the tunnel for use with BREF projects, funding sufficient to enable it to build the Dental Branch Building in one phase, and the release from construction obligations related to the JRB. Both institutions will consolidate their use of real property. Design development of the Dental Branch Building was approved via the Facilities Planning and Construction Committee (see Item 11 on Page 159).

U. T. M. D. Anderson Cancer Center will pay $57 million over a period of 20 years to U. T. Health Science Center – Houston to reconcile the various transfers of use and financial obligations. Within 30 days after the effective date of the agreement between the two institutions, the Cancer Center will make a payment of $2.5 million plus the first annual installment payment of $2.725 million, with subsequent installment payments of $2.725 million each year thereafter through 2028. In addition, U. T. Health Science Center – Houston will benefit from its below-market lease of most of the sixth floor of the JRB.

U. T. M. D. Anderson Cancer Center will receive the use of the existing Dental Branch facility and the land beneath it, and will be responsible for demolition and environmental remediation costs of the facility. The Cancer Center will also receive the use and benefit of the land beneath the JRB and benefits from the use of the fifth and sixth floors of the JRB and use rights to two floors of shared space, while accepting responsibility for all costs related to the construction of the JRB shell and shared spaces and relieving U. T. Health Science Center – Houston of construction obligations.

U. T. M. D. Anderson Cancer Center's Hospital Revenues will be used to fund its payments under the property exchange; U. T. Health Science Center – Houston will use indirect cost recovery funds to fund its lease payment obligation.

The terms and conditions of the series of transactions are specified in the transaction summary on the following pages.

<u>Transaction Summary</u>

Transfer of use of existing Dental Branch Building

Transferor:	U. T. Health Science Center – Houston
Transferee:	U. T. M. D. Anderson Cancer Center
Total Area:	Approximately 3.7 acres
Improvements:	A 225,000 square foot multistory facility built in 1955
Location:	6516 M. D. Anderson Boulevard, Houston, Harris County, Texas
Intended Use:	Future programmed campus expansion

Transfer of use of JRB land

Transferor:	U. T. Health Science Center – Houston
Transferee:	U. T. M. D. Anderson Cancer Center
Total Area:	Approximately 5.1 acres
Improvements:	Shell research facility containing approximately 315,000 square feet (presently under construction)
Location:	1881 East Road, Houston, Harris County, Texas
Intended Use:	Laboratory, research, and other uses consistent with the vision of U. T. M. D. Anderson Cancer Center

Transfer of use of fifth and sixth floors of JRB and use rights on two floors of shared space

Transferor:	U. T. Health Science Center – Houston
Transferee:	U. T. M. D. Anderson Cancer Center
Total Area:	Approximately 67,100 square feet on the fifth and sixth floors, and use rights to two floors of shared space
Improvements:	JRB shell research facility totaling approximately 315,000 square feet under construction
Location:	1881 East Road, Houston, Harris County, Texas

Intended Use:	Laboratory, research, office, and other uses consistent with the mission of U. T. M. D. Anderson Cancer Center

Transfer of use of BREF tunnel

Transferor:	U. T. M. D. Anderson Cancer Center
Transferee:	U. T. Health Science Center – Houston
Improvements:	Tunnel
Location:	Underground, between the JRB at 1881 East Road and the BREF, Houston, Harris County, Texas
Intended Use:	Campus support and access between JRB and BREF

Lease of sixth floor of JRB

Tenant:	U. T. Health Science Center – Houston
Landlord:	U. T. M. D. Anderson Cancer Center
Premises:	Approximately 33,582 square feet of shell space on the sixth floor, and 193 square feet of shell space on the first floor of JRB, 1881 East Road, Houston, Harris County, Texas
Improvements:	The tenant is finishing out the premises with improvements consisting of laboratory, research, and office facilities
Rent:	$570,000 annually ($17.00 per square foot) with the first two years free; rental was determined based on the recovery of construction costs; rental increases for each renewal term may not exceed 15% of the prior term's rent; the tenant will be responsible for all direct operating expenses and 15% of shared operating expenses
Lease Term:	10 years, plus initial design, permitting, and construction period (not to exceed six months), and two 10-year renewal options
Uses:	Laboratory, research, office, and other uses consistent with the mission of U. T. Health Science Center – Houston

4. U. T. System: Report and discussion related to changes to faculty practice plan bylaws

   This item was considered only by the Committee (see Committee Minutes).

5. U. T. System: Role of public health programs in the U. T. System

   This item was considered only by the Committee (see Committee Minutes).

6. U. T. System: Quarterly report on health matters, including educational issues resulting from the accreditation processes at U. T. System health institutions, the status of Clinical and Translational Science Award programs in the U. T. System, and upcoming conferences sponsored by the U. T. System

   This item was considered only by the Committee (see Committee Minutes).

7. Institutional Approaches to Developments in the Health Care Reform Debate

   This item was considered only by the Committee (see Minutes of the Special Health Affairs Committee meeting).

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 145 - 175).--Committee Chairman Gary reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. San Antonio: 2009 Campus Master Plan Update

   This item was considered only by the Committee (see Committee Minutes).

2. U. T. System: Capital Improvement Program Update

   This item was considered only by the Committee (see Committee Minutes).

3. U. T. System Board of Regents: Amendment of definition of criteria of major and minor projects in Regents' *Rules and Regulations*, Rule 80301 (Capital Improvement Program); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); Rule 80403 (Minor Construction and Repair and Rehabilitation Projects); Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); and Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements)

   The Regents' *Rules and Regulations* were amended as follows to be effective September 1, 2009:

   a. The definition of Major Project in Rules 80301 (Capital Improvement Program), 80402 (Major Construction and Repair and Rehabilitation Projects), and 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects) was amended to read as follows:

      3. Definitions

         Major Project – Any project that meets one or more of the following criteria: 1) new building construction with a value of $4 million or more, 2) road, paving, and repair and rehabilitation projects with a value of $4 million or more, 3) any project determined by the Board to be architecturally or historically significant, 4) any project that is debt financed [Revenue Financing System (RFS), Tuition Revenue Bond (TRB), Permanent University Fund (PUF)] regardless of dollar value, and 5) any campus planning efforts that are intended to result in a capital project meeting one or more of these criteria.

b. The definition of Minor Project in Rule 80403 (Minor Construction and Repair and Rehabilitation Projects) was amended to read as follows:

3. Definitions

Minor Project – New building construction and road, paving, and repair and rehabilitation projects of less than $4 million that are not funded in any part with debt.

c. Section 7 of Rule 80402 (Major Construction and Repair and Rehabilitation Projects) was amended as follows to be consistent with Section 4 of Rule 80402:

Sec. 7 Authority to Increase Project Cost. The Chancellor, with the advice of the appropriate Executive Vice Chancellor, the Office of Finance, and the institutional president, is authorized to increase the approved Total Project Cost not more than 10% or $500,000, whichever is greater. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single institution if funding for such projects has previously been authorized or approved funding from some other source is available to the institution.

d. Section 7 of Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects) was amended as follows to be consistent with Section 5 of Rule 80404:

Sec. 7 Authority to Increase Project Cost. The institutional president, with the advice of the appropriate Executive Vice Chancellor, is authorized to increase the approved Total Project Cost not more than 10% or $500,000, whichever is greater. To provide funding for the increase, the institutional president may reallocate funding between or among approved projects at the institution if funding for such projects has previously been authorized or is from some other source of approved funds available to the institution.

e. Sections 1 and 2 of Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) were amended to read as follows:

Sec. 1 Approval by Coordinating Board. …

1.1 Unless otherwise authorized by law, new construction and major repair and rehabilitation projects of $4 million or more must be approved by the Texas Higher Education Coordinating Board. Format for submission will be as prescribed by the Coordinating Board.

Submission will be prepared by the institution, in consultation with and assisted by System Administration's Office of Facilities Planning and Construction, if necessary, and forwarded to System Administration for review, approval, and handling of submission. It is anticipated that necessary documents will be submitted to the Coordinating Board when the project scope and estimated cost are sufficiently defined to meet the Coordinating Board's requirements for approval. Normally, submission will be made after the institutional president, the Chancellor, or the Board of Regents have approved the Design Development Plans and the related cost estimate.

Sec. 2 Delegation by Board of Regents. The Texas Higher Education Coordinating Board requires a signed Board of Regents Certification form under Coordinating Board Rule 17.21. The authority to execute this certification for the Board of Regents is delegated to the Executive Vice Chancellor for Business Affairs or the Associate Vice Chancellor for Facilities Planning and Construction.

In response to Senate Bill 1796 from the 81st Texas Legislature, the Texas Higher Education Coordinating Board has revised its Board Rules applying to construction project approval thresholds. The new Coordinating Board Rules require all new construction and repair and rehabilitation projects with a cost of $4 million or greater be submitted for approval. These amendments provide alignment with the revised Coordinating Board Rules.

4. U. T. Arlington: FY 10 High Priority Fire and Life Safety Corrections Phase 2 - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the FY 10 High Priority Fire and Life Safety Corrections Phase 2 project at The University of Texas at Arlington as follows:

Project No.:	301-498	
Institutionally Managed:	Yes ☒ No ☐	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	February 2011	
Total Project Cost:	Source	Current
	Permanent University Fund Bond Proceeds	$1,400,000

a. approve a total project cost of $1,400,000 with funding from Permanent University Fund (PUF) Bond Proceeds;

b. appropriate funds; and

c. authorize U. T. Arlington to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Previous Board Action

On August 14, 2008, the Board approved the allocation of $1,400,000 from PUF Bond Proceeds for Fiscal Year 2010 for the project.

Project Description

The project is the second of three allocations to address various fire and life safety deficiencies identified as high priority items. The scope of the project includes fire protection systems on two floors in the Library, means of egress deficiencies, emergency egress lighting systems in additional buildings including the Business Building, Physical Education Building, and Pickard Hall, Woolf Hall, and Preston Hall. Other specific areas being addressed include handrail corrections, installation of fire doors in several buildings, and upgrading a fire protection water line on South Oak Street.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Arlington Facility Management personnel who have the experience and capability to manage all aspects of the work.

5. U. T. Austin: FY 10 High Priority Fire and Life Safety Corrections - Phase 2 - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the FY 10 High Priority Fire and Life Safety Corrections - Phase 2 project at The University of Texas at Austin as follows:

Project No.:	102-499	
Institutionally Managed:	Yes ☒ No ☐	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	February 2011	
Total Project Cost:	Source	Current
	Permanent University Fund Bond Proceeds	$4,800,000

a. approve a total project cost of $4,800,000 with funding from Permanent University Fund (PUF) Bond Proceeds;

b. appropriate funds; and

c. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Previous Board Action

On August 14, 2008, the Board approved the allocation of $4,800,000 from PUF Bond Proceeds for Fiscal Year 2010 for the project.

Project Description

The project addresses various fire and life safety deficiencies identified as high priority items including fire protection systems. The project will include design and installation of fire sprinkler and fire alarm systems, and correction of egress deficiencies including emergency lighting and door hardware. The buildings involved will include the Chemical and Petroleum Engineering Building, the Music Recital Hall, Painter Hall, Goldsmith Hall, Sid Richardson Hall, and the Main Building.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work.

6. U. T. Medical Branch – Galveston: FY 09 High Priority Fire and Life Safety Projects - University Hospital Clinics Building - Amendment of the FY 2010-2015 Capital Improvement Program to redesignate the project as the FY 09/FY 10 High Priority Fire and Life Safety Project - University Hospital Clinics Building; approval to increase the total project cost; and appropriation of additional funds (Final Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the FY 09 High Priority Fire and Life Safety Projects - University Hospital Clinics Building at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-454		
Institutionally Managed:	Yes ☒ No ☐		
Project Delivery Method:	Competitive Sealed Proposals		
Substantial Completion Date:	March 2011		
Total Project Cost:	Source	Former	Current
	Permanent University Fund Bond Proceeds	$ 600,000	$1,200,000
	Hospital Revenues	$ 600,000	$ 600,000
		$1,200,000	$1,800,000

a. redesignate the project as the FY 09/FY 10 High Priority Fire and Life Safety Project - University Hospital Clinics Building;

b. increase the total project cost from $1,200,000 to $1,800,000; and

c. appropriate additional funding of $600,000 from Permanent University Fund (PUF) Bond Proceeds.

Previous Board Actions

On August 14, 2008, the Board approved the allocation of $600,000 from PUF Bond Proceeds for Fiscal Year 2009 and for Fiscal Year 2010. On November 13, 2008, the project was included in the CIP with a total project cost of $1,200,000 with funding of $600,000 from PUF Bond Proceeds and $600,000 from Hospital Revenues and institutional management was authorized.

Project Description

This institutionally managed project will address installation of fire sprinklers on all floors of the University Hospital Clinics Building. The increase to the total project cost will complete the repairs and renovations needed to upgrade the building to current life safety codes.

Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

7. U. T. Health Science Center – San Antonio: FY 10 High Priority Fire and Life Safety Projects - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the FY 10 High Priority Fire and Life Safety Projects at The University of Texas Health Science Center at San Antonio as follows:

Project No.:	402-500	
Institutionally Managed:	Yes ☒ No ☐	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	May 2010	
Total Project Cost:	Source	Current
	Permanent University Fund Bond Proceeds	$1,700,000

a. approve a total project cost of $1,700,000 with funding from Permanent University Fund (PUF) Bond Proceeds;

b. appropriate funds; and

c. authorize U. T. Health Science Center – San Antonio to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Previous Board Action

On August 14, 2008, the Board approved the allocation of $1,700,000 from PUF Bond Proceeds for Fiscal Year 2010 for the project.

Project Description

The project will include installing a fire sprinkler system and upgrading the fire alarm system in the Lecture Hall Building.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Health Science Center – San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

8. U. T. Medical Branch – Galveston: Hurricane Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2010-2015 Capital Improvement Program to include projects; approval of total project costs; and appropriation of funds (Final Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the Hurricane Ike Recovery Projects – Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings at The University of Texas Medical Branch at Galveston as follows:

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: November 2014

Academic and Business Buildings	Source	Current
(Project No. 601-504)	FEMA Insurance Claims	$109,367,000
Total Project Cost:	Private Insurance Claims	$ 16,283,000
	State Matching Funds (Unexpended Plant Funds)	$ 36,455,000
		$162,105,000
Healthcare Buildings	Source	Current
(Project No. 601-505)	FEMA Insurance Claims	$183,284,000
Total Project Cost:	Private Insurance Claims	$ 27,289,000
	State Matching Funds (Unexpended Plant Funds)	$ 61,095,000
		$271,668,000
Infrastructure	Source	Current
(Project No. 601-506)	FEMA Insurance Claims	$ 98,522,000
Total Project Cost:	Private Insurance Claims	$ 14,669,000
	State Matching Funds (Unexpended Plant Funds)	$ 32,841,000
		$146,032,000
Research Buildings	Source	Current
(Project No. 601-507)	FEMA Insurance Claims	$ 58,827,000
Total Project Cost:	Private Insurance Claims	$ 8,759,000
	State Matching Funds (Unexpended Plant Funds)	$ 19,609,000
		$ 87,195,000

a. approve a total project cost of $162,105,000 with funding of $109,367,000 from Federal Emergency Management Agency (FEMA) Insurance Claims, $16,283,000 from Private Insurance Claims, and $36,455,000 from State Matching Funds (Unexpended Plant Funds) for the Academic and Business Buildings;

b. approve a total project cost of $271,668,000 with funding of $183,284,000 from FEMA Insurance Claims, $27,289,000 from Private Insurance Claims; and $61,095,000 from State Matching Funds (Unexpended Plant Funds) for Healthcare Buildings;

c. approve a total project cost of $146,032,000 with funding of $98,522,000 from FEMA Insurance Claims, $14,669,000 from Private Insurance Claims; and $32,841,000 from State Matching Funds (Unexpended Plant Funds) for Infrastructure;

d. approve a total project cost of $87,195,000 with funding of $58,827,000 from FEMA Insurance Claims, $8,759,000 from Private Insurance Claims, and $19,609,000 from State Matching Funds (Unexpended Plant Funds) for Research Buildings; and

e. appropriate funds.

The academic and business buildings, healthcare buildings, infrastructure, and research buildings were severely damaged due to the flooding that inundated the U. T. Medical Branch – Galveston (UTMB) campus during Hurricane Ike in September 2008. The following scopes of work will repair the damaged facilities consistent with the “Guiding Principles for Future Construction” presented in the UTMB Hurricane Mitigation Study by Walter P. Moore and Associates dated December 2008.

The Academic and Business Buildings scope of work will include repair and mitigation work in over 20 buildings serving academic and business functions. The work involves repair and mitigation of all first floor spaces, crawl spaces, basement areas, building elevators, mechanical, electrical, and plumbing (MEP) systems, heating, ventilation, and air conditioning (HVAC) units, security and life safety systems, telecommunication systems, and building envelope repairs. Some first floor building areas affected include office space, classrooms, and support spaces.

The Healthcare Buildings scope of work will include repair and mitigation work in 10 adjacent/connected hospital and healthcare buildings. The work involves repair and mitigation of first floor spaces, crawl spaces, basement areas, building elevators, roof repair, windows and building envelope, MEP systems, building utilities, HVAC units, security and life safety systems, air quality, medical gas systems, and additional support services. These buildings housed many of the support facilities for the hospital, and work will likely include relocation of kitchen, pharmacy, clinical laboratories, and core infrastructure for the complex.

Infrastructure repairs will involve campus-wide distribution systems including: cathodic protection, potable water, fire alarm system communications, fire suppression, domestic water, storm sewer, diesel supply loop, underground fuel tanks, building card readers, security systems, aboveground propane tanks, electrical emergency power, steam transmission, chilled water systems, electrical power, telecommunication systems, underground telecommunication and data cabling, condensate return system, and elevator systems.

The Research Buildings scope of work will include repair and mitigation work in 10 research buildings on the campus. This work involves repair and mitigation of all first floor building spaces, basement areas, crawl spaces, building elevators, MEP systems, HVAC units, roof repairs, building envelope, telecommunications, and security and life safety systems. First floor building areas affected include research laboratory space and support space.

The combined total for the Hurricane Ike Recovery projects is $667,000,000 with funding of $450,000,000 from FEMA Insurance Claims, $67,000,000 from Private Insurance Claims, and $150,000,000 from State Matching Funds (Unexpended Plant Funds).

It is essential that the campus be returned to a fully functioning level and that appropriate mitigation strategies be provided to protect the campus from future weather events.

To effectively manage this critical program, the Office of Facilities Planning and Construction (OFPC) has created a new regional team, increasing campus support from eight staff to 18, including the following positions: Regional Program Manager (new); three Senior Project Managers (two new); one Senior Resident Construction Manager; three Project Managers (two new); seven Construction Inspectors (three new); one Program Analyst (new); and two Administrative Assistants (one new).

OFPC and U. T. System staff will work as an integrated team to manage the architectural, engineering, and construction services for each of the projects. Recognizing the importance of carefully defining, documenting, processing, and reporting FEMA-funded work, U. T. Medical Branch – Galveston has engaged J. L. Witt and Associates, a firm with expertise in packaging and coordinating FEMA funding applications. Further, the campus is currently procuring the services of an accounting firm focused on the repair/mitigation activities and versed in FEMA requirements to provide a fully auditable record of transactions and funding. OFPC's program analyst and accountants will coordinate with these groups to ensure accurate and accountable billing by the service providers.

The work included in these projects is limited to repair, remediation, and mitigation of damage caused by Hurricane Ike, with some renovation of space where it is appropriate to improve the space rather than return it to the same condition it was before Hurricane Ike. This work does not include new buildings such as the Jennie Sealy Hospital Replacement or University Boulevard Research Building.

These repair and rehabilitation projects have been approved by University of Texas System staff and meet the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

9. <u>U. T. Medical Branch – Galveston: Center for Technology and Workforce Development - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)</u>

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the Center for Technology and Workforce Development project at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-503	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	November 2011	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Grants	$10,000,000

a. approve a total project cost of $10,000,000 with funding from an Economic Development Administration (EDA) Grant; and

b. appropriate funds.

Prior to Hurricane Ike, which struck the U. T. Medical Branch campus in September 2008, the Center for Technology and Workforce Development was housed on the first and second floors of 1700 The Strand. The building was severely damaged by the Hurricane and the Center was relocated to the third floor of the Medical Research Building.

U. T. Medical Branch – Galveston received an EDA grant for $10,000,000 on May 28, 2009, for renovations of the building at 1700 The Strand. The renovations will allow the Center to relocate back to 1700 The Strand.

The scope of work under the EDA grant will be used for the building envelope, the new elevator, interior and exterior improvements, and upgrades to the facility that include approximately 45,026 gross square feet and is envisioned as a state-of-the-art incubator/accelerator for new and emerging technologies that will provide modern training facilities for several programs.

The Center will accommodate emerging companies through affordable office and laboratory space, common space, printing services, and reception and meeting rooms.

The appropriate mitigation strategies to protect the Center from future weather events will be completed as part of the Hurricane Ike Recovery projects for the Academic and Business Buildings (see Item 8 on Page 152), which will include repairing damage to the ground floor of the building, the existing elevator, and the roof.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

10. U. T. Austin: College of Communication Building - New - Amendment of the FY 2010-2015 Capital Improvement Program to decrease the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the College of Communication Building - New project at The University of Texas at Austin as follows:

Project No.:	102-041		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	March 2012		
Total Project Cost:	Source	Former	Current
	Gifts	$54,000,000	$14,542,000
	Unexpended Plant Funds		$ 6,024,000
	Revenue Financing System Bond Proceeds		$30,094,000
			$50,660,000

Investment Metrics:	• The Jesse H. Jones Communication Center was completed in 1974 to serve 1,000 students. Today, the College of Communication includes more than 4,200 students, 125 faculty and 140 staff. Construction of the new facility will provide the resources necessary to meet the demands of past growth by 2012. • The new facility will consolidate and reduce the burden of more than 40% of the communication classes that are taught in other buildings on campus by 2013.

a. amend the Fiscal Year 2010-2015 Capital Improvement Program to decrease the total project cost from $54,000,000 to $50,660,000;

b. revise the funding sources from $54,000,000 from Gifts to $14,542,000 from Gifts, $6,024,000 from Unexpended Plant Funds, and $30,094,000 from Revenue Financing System Bond Proceeds;

c. approve design development plans;

d. appropriate funds and authorize expenditure of funds;

e. approve the evaluation of alternative energy economic feasibility; and

f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of $30,094,000.

Debt Service

The $30,094,000 in aggregate Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the $30,094,000 Revenue

Financing System debt is expected to be $2,187,000. The institution's debt service coverage is expected to be at least 1.8 times and average 1.9 times over FY 2010-2015. Approximately $1,160,000 of the aggregate $30,094,000 Revenue Financing System debt proceeds is anticipated to be used for interest expense during construction.

Previous Board Actions

On November 11, 1999, the project was included in the CIP with a total project cost of $32,000,000 with funding from Gifts. With the adoption of the FY 2008-2013 CIP on August 23, 2007, the total project cost increased to $45,000,000 with funding from Gifts. On February 7, 2008, the total project cost was increased to $54,000,000 with funding from Gifts.

Project Description

The new College of Communication Building will create approximately 120,000 gross square feet (GSF) of state-of-the-art facilities that will enable teaching, learning, and research to cross traditional boundaries and create new forms of communication and collaboration that include multiuse classrooms, research labs, performance production and broadcast studios, public forum spaces, and offices. The project includes approximately 20,000 GSF of shelled space for future use by KUT Radio for multimedia production, studios, and office and community space with an emphasis on audio services, including specialized studio, performance, and digital networking facilities. The total project cost will be decreased to match available funding sources.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

11. U. T. Health Science Center – Houston: Research Park Complex - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to increase scope of the Dental Branch Building portion of the project; reapproval of design development of the Dental Branch Building; appropriation of additional funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Dental Branch Building (DBB) portion of the Research Park Complex project at The University of Texas Health Science Center at Houston as follows:

Project No.:	701-320		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion:	June 2011		
Total Project Cost for the Research Park Complex:	Source	Former	Current
	Unexpended Plant Funds	$ 36,840,739	$ 40,380,739
	Permanent University Fund Bond Proceeds	$ 59,100,000	$ 59,100,000
	Tuition Revenue Bond Proceeds	$ 60,000,000	$ 60,000,000
	Gifts	$ 2,000,000	$ 2,000,000
	Revenue Financing System Bond Proceeds	$ 10,000,000	$ 70,800,000
		$167,940,739	$232,280,739
Total Project Cost for Stage 1 Behavioral and Biomedical Sciences Building (BBSB) of the Research Park Complex:	Source	Current	
	Unexpended Plant Funds	$36,180,739	
	Permanent University Fund Bond Proceeds	$41,100,000	
		$77,280,739	
Total Project Cost for Stage 2 (DBB) of the Research Park Complex:	Source	Former	Current
	Unexpended Plant Funds	$ 660,000	$ 4,200,000
	Permanent University Fund Bond Proceeds	$18,000,000	$ 18,000,000
	Tuition Revenue Bond Proceeds	$60,000,000	$ 60,000,000
	Gifts	$ 2,000,000	$ 2,000,000
	Revenue Financing System Bond Proceeds	$10,000,000	$ 70,800,000
		$90,660,000	$155,000,000
Investment Metrics:	• Increase enrollment by 19% to 100 students by the end of 2012 • Increase patient visits and treatments by 15% by the end of 2013 • Accommodate more students in a smaller overall facility through modern facility design		

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from $167,940,739 to $232,280,739;

b. revise the scope and increase total project cost of the DBB portion of the project from $90,660,000 to $155,000,000 with funding of $4,200,000 from Unexpended Plant Funds, $18,000,000 from

Permanent University Fund (PUF) Bond Proceeds, $60,000,000 from Tuition Revenue Bond Proceeds, $2,000,000 from Gifts, and $70,800,000 from Revenue Financing System Bond Proceeds;

c. reapprove design development plans for the DBB portion of the project;

d. appropriate additional funds and authorize expenditure of funds of $3,540,000 from Unexpended Plant Funds and $60,800,000 from Revenue Financing System Bond Proceeds;

e. approve the evaluation of alternative energy economic feasibility; and

f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Health Science Center – Houston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of $60,800,000.

Debt Service

The additional $60,800,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the $60,800,000 Revenue Financing System debt is expected to be approximately $5,300,000. The institution's debt service coverage is expected to be at least 1.8 times and average 2.0 times over FY 2010-2015. The Revenue Financing System debt service for this project is supported significantly by the Campus Projects Coordination Agreement between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center – Houston, which calls for an upfront payment of

$2,500,000 and annual installment payments from the Cancer Center to U. T. Health Science Center – Houston over 20 years in the amount of $2,725,000 per year, commencing in 2009 (see Item 3 on Page 139 in the Health Affairs Committee.)

Previous Board Actions

Biomedical Research and Education Facility (BREF) - On August 10, 2006, the project was included in the CIP with a preliminary project cost of $62,000,000 with funding of $41,100,000 from PUF and $20,900,000 from Gifts.

Dental Branch Replacement Building (DBRB) - On August 10, 2006, the project was included in the CIP with a preliminary project cost of $80,000,000 with funding of $18,000,000 from PUF Bond Proceeds, $60,000,000 from Tuition Revenue Bond Proceeds, and $2,000,000 from Gifts.

Mental Sciences Institute Replacement Facility - On November 11, 1999, the project was included in the CIP with a preliminary project cost of $20,700,000 with funding from Unexpended Plant Funds. On August 9, 2001, the Board approved reducing the total project cost to $16,500,000 with funding from Unexpended Plant Funds. On August 8, 2002, the Board approved the increase in the total project cost to $22,500,000 with funding of $16,500,000 from Unexpended Plant Funds and $6,000,000 from Hospital Revenues.

Research Park Complex - On November 16, 2006, the three above mentioned projects were combined and redesignated as the Research Park Complex, and funding was revised with a total project cost of $161,500,000 with funding of $60,000,000 from Tuition Revenue Bond Proceeds, $59,100,000 from PUF Bond Proceeds, $19,500,000 from Unexpended Plant Funds, and $22,900,000 from Gifts.

With the adoption of the FY 2008-2013 CIP, the project scope was increased to include a parking garage and the funding was revised for a total project cost of $161,500,000 with funding of $60,000,000 from Tuition Revenue Bond Proceeds, $59,100,000 from PUF Bond Proceeds, $22,900,000 from Unexpended Plant Funds, $2,000,000 from Gifts, and $17,500,000 from Revenue Financing System Bond Proceeds and redesignated as the U. T. Research Park Complex. On August 23, 2007, the Board approved design development plans for the BREF portion of the project with a total project cost of $64,000,000 with funding of $41,100,000 from PUF Bond Proceeds and $22,900,000 from Unexpended Plant Funds.

On February 7, 2008, the Board approved the increase in the total project cost for the BREF portion of the project from $64,000,000 to $77,280,739 with funding of $41,100,000 from PUF Bond Proceeds and $36,180,739 from

Unexpended Plant Funds. On July 23, 2009, the Associate Vice Chancellor for Facilities Planning and Construction approved the redesignation of the project as the Research Park Complex with Stage I redesignated as Research Park Complex 1 - Behavioral and Biomedical Sciences Building (BBSB) and Stage 2 redesignated as Research Park Complex 2 - Dental Branch Building.

Project Description

Stage 2 of the project, the Dental Branch Building, will construct the second building in the Complex consisting of a six-story structure to house approximately 298,521 gross square feet (GSF) and an expansion to the central plant. The building will include departmental offices, administrative offices, auditoriums, and educational components, including classrooms and clinics with support space, and preclinical and simulation laboratories. Originally, this facility was planned to be approximately 197,000 GSF and executed in phases. The increase in the total project cost will provide for the full development of the facility to provide the optimal teaching environment for the students instead of executing the construction in phases. The project budget also includes funding for the central plant which is approximately $13,000,000 of the project budget.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

12. U. T. Arlington: Engineering Research Complex - Amendment of the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost; approval to reallocate approved funding; revise the funding sources; authorization of expenditure of additional funds; and remove the Center for Structural Engineering Research project from the CIP (Final Board approval)

The Board approved the recommendations for the Engineering Research Complex project at The University of Texas at Arlington as follows:

Project No.:	301-258
Project Delivery Method:	Construction Manager at Risk
Substantial Completion Date:	January 2011

Total Project Cost for Engineering Research Complex:	Source	Former	Current
	Unexpended Plant Funds	$ 12,780,000	$ 0
	Permanent University Fund Bond Proceeds	$ 37,000,000	$ 62,000,000
	Revenue Financing System Bond Proceeds	$ 25,500,000	$ 23,280,000
	Tuition Revenue Bond Proceeds	$ 70,430,000	$ 70,430,000
		$145,710,000	$155,710,000

Total Project Cost for Center for Structural Engineering Research:	Source	Former	Current
	Permanent University Fund Bond Proceeds	$ 25,000,000	
	Gifts	$ 9,000,000	
		$ 34,000,000	$ 0

Investment Metrics:

- Increase office and conference room space by 23% by 2011
- Create a new paradigm of highly flexible, interdisciplinary research space by 43% by 2011

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from $145,710,000 to $155,710,000;

b. approve the reallocation of $25,000,000 of Permanent University Fund (PUF) Bond Proceeds from the Center for Structural Engineering Research project;

c. revise the funding sources from $12,780,000 from Unexpended Plant Funds, $37,000,000 from PUF, $25,500,000 from Revenue Financing System Bond Proceeds, and $70,430,000 from Tuition Revenue Bond Proceeds to $62,000,000 from PUF, $23,280,000 from Revenue Financing System Bond Proceeds, and $70,430,000 from Tuition Revenue Bond Proceeds;

d. authorize the expenditure of the additional $25,000,000 from PUF; and

e. remove the Center for Structural Engineering Research project from the CIP.

Previous Board Actions

Engineering Lab Building Addition - On February 8, 2007, the project was included in the CIP with a total project cost of $10,450,000 with funding from Revenue Financing System Bond Proceeds.

Engineering Research Building - On June 20, 2006, the project was included in the CIP with a total project cost of $80,430,000 with funding of $70,430,000 from Tuition Revenue Bond Proceeds and $10,000,000 from Revenue

Financing System Bond Proceeds. On August 10, 2006, the Board approved revising the funding to $70,430,000 from Tuition Revenue Bond Proceeds and $10,000,000 from PUF Bond Proceeds.

Expansion of Engineering Research Building - On August 10, 2006, the repair and rehabilitation project was included in the CIP with a total project cost of $30,000,000 with funding appropriated in the amount of $27,000,000 from PUF Bond Proceeds and $3,000,000 from Revenue Financing System Bond Proceeds.

Engineering Research Complex - With the adoption of the FY 2008-2013 CIP, the three above mentioned projects were combined and redesignated as the Engineering Research Complex with a total project cost of $125,430,000 with funding of $70,430,000 from Tuition Revenue Bond Proceeds, $37,000,000 from PUF Bond Proceeds, and $18,000,000 from Revenue Financing System Bond Proceeds. On May 15, 2008, the Board approved design development plans and increased the total project cost to $138,210,000 with funding of $70,430,000 from Tuition Revenue Bond Proceeds, $37,000,000 from PUF Bond Proceeds, $18,000,000 from Revenue Financing System Bond Proceeds, and $12,780,000 from Unexpended Plant Funds.

On June 11, 2008, the Chancellor approved increasing the total project cost to $145,710,000 with funding of $70,430,000 from Tuition Revenue Bond Proceeds, $37,000,000 from PUF Bond Proceeds, $25,500,000 from Revenue Financing System Bond Proceeds, and $12,780,000 from Unexpended Plant Funds.

Center for Structural Engineering Research - On November 9, 2007, the project was included in the CIP with a total project cost of $34,000,000 with funding of $25,000,000 from PUF and $9,000,000 from Gifts.

Project Description

The project includes Phase I and II of the Engineering Research Complex. Phase I will expand the existing two-story Engineering Lab Building by 27,300 gross square feet (GSF) into a three-story facility. Portions of the first and second floors will be renovated to meet new programming needs. Mechanical and fire protection improvements are also included for the first and second floors. The expanded building will be approximately 76,150 GSF and will accommodate teaching and research laboratories, laboratory support spaces, and administrative spaces. Phase II includes construction of a new Engineering Research Building with 234,000 GSF.

Due to cost inflation and market conditions, U. T. Arlington initially decided to build the maximum size new facility that is economically feasible while finishing out only part of the building. At this time, the decision has been made to fully fund completion of the shell space using the PUF funding previously designated for the Center for Structural Engineering Research.

This increase in the total project cost with reallocated PUF funds allows the complete finish out of the facility to provide state-of-the-art multidisciplinary teaching and research laboratories, laboratory support spaces, and faculty, student, and administrative offices. The Center for Structural Engineering Research project will be added back to the CIP at a future date when economic conditions improve and there is more private support for the project.

13. U. T. Austin: Peter T. Flawn Academic Center Renovation - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval of additional funding sources; and appropriation of funds (Final Board approval)

The Board approved the recommendations for the Peter T. Flawn Academic Center Renovation project at The University of Texas at Austin as follows:

Project No.:	102-406		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	April 2011		
Total Project Cost:	Source	Former	Current
	Interest on Local Funds	$20,000,000	$20,000,000
	Designated Funds		$ 1,500,000
	Unexpended Plant Funds		$ 500,000
			$22,000,000

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from $20,000,000 to $22,000,000;

b. revise the funding sources from $20,000,000 from Interest on Local Funds to $20,000,000 from Interest on Local Funds, $1,500,000 from Designated Funds, and $500,000 from Unexpended Plant Funds; and

c. appropriate additional funding of $1,500,000 from Designated Funds and $500,000 from Unexpended Plant Funds.

Previous Board Action

On August 14, 2008, the project was included in the CIP with a total project cost of $20,000,000 with funding from Interest on Local Funds.

Project Description

The project will improve the critical building systems and upgrade the life safety components as required to comply with current codes to provide a complete renovation/reconstruction of the third and fourth floors of the Academic Center. The renovation work includes upgrades to the fire alarm system components, telecommunications and data systems, and repair/replacement of the mechanical, electrical, and plumbing systems to comply with the latest campus design standards, accessibility standards, and environmental regulations. The increase to the total project cost will upgrade the heating, ventilation, and air conditioning (HVAC) system serving the third and fourth floor renovated areas and complete the renovation of the unassigned space on the fourth floor.

14. U. T. San Antonio: Multifunction Office Building I - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to redesignate the project as the Multifunction Office Buildings 1 and 2; and authorization of Office of Facilities Planning and Construction management (Preliminary Board approval)

The Board approved the recommendations for the Multifunction Office Building I project at The University of Texas at San Antonio as follows:

Institutionally Managed:	Yes ☐ No ☒		
Project Delivery Method:	Design/Build		
Substantial Completion Date:	August 2010		
Total Project Cost:	Source	Former	Current
	Designated Funds	$4,750,000	$15,250,000
Investment Metric:	Add 20,000 net assignable square feet to make more educational and general space available in core campus buildings by 2010		

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from $4,750,000 to $15,250,000;

b. redesignate the project as the Multifunction Office Buildings 1 and 2; and

c. authorize the Office of Facilities Planning and Construction to manage the project.

Previous Board Action

On February 12, 2009, the project was included in the CIP with a total project cost of $4,750,000 with funding from Designated Funds and was approved for institutional management.

Project Description

The project originally was envisioned as a single building of approximately 37,500 gross square feet (GSF) with a total project cost of $4,750,000, and was to be institutionally managed. U. T. San Antonio has determined that additional office and administrative space is needed, and that the campus would be best served by providing two buildings, separated by a courtyard, with a combined 75,328 GSF of space for a total project cost of $15,250,000. Moving administrative functions to the new buildings will free up classroom space in core academic buildings to support the increased student population. It has been determined that the U. T. System Office of Facilities Planning and Construction will manage all aspects of the work. Design development plans will be presented to the Board at a later date.

15. U. T. Southwestern Medical Center – Dallas: Library, Equipment, Repair and Rehabilitation (LERR09) - Renovation of Lab and Office Space V - Amendment of the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost; approval to reallocate approved funding; and authorization of expenditure of additional funds (Final Board approval)

The Board approved the recommendations for the Library, Equipment, Repair and Rehabilitation (LERR09) - Renovation of Lab and Office Space V project at The University of Texas Southwestern Medical Center at Dallas as follows:

Institutionally Managed:	Yes ☒ No ☐		
Project Delivery Method:	Design/Build		
Substantial Completion Date:	September 2009		
Project No.: 303-439	Source	Former	Current
LERR09-Renovation of Lab	Permanent University Fund Bond Proceeds	$ 500,000	
and Office Space I Total	Interest on Local Funds	$ 500,000	$ 500,000
Project Cost:		$1,000,000	$ 500,000
Project No.: 303-443	Source	Former	Current
LERR09-Renovation of Lab	Permanent University Fund Bond Proceeds	$ 233,337	$ 733,337
and Office Space V Total	Interest on Local Funds	$ 258,337	$ 593,121
Project Cost:		$ 491,674	$1,326,458

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from $491,674 to $1,326,458;

b. increase the Interest on Local Funds from $258,337 to $593,121;

c. approve the reallocation of $500,000 from Permanent University Fund (PUF) Bond Proceeds from the LERR09 - Renovation of Lab and Office Space I project; and

d. authorize the expenditure of the additional $500,000 from PUF and $334,784 from Interest on Local Funds.

Previous Board Action

On August 23, 2008, the project was included in the CIP with a total project cost of $491,674 with funding of $233,337 from PUF and $258,337 from Interest on Local Funds.

Project Description

The project will renovate an outdated laboratory and office space for the Department of Pediatrics located in the Harry S. Moss Clinical Science Building. The increase in the total project cost is due to an increase in the scope of the original plan from 2,900 gross square feet (GSF) to 4,727 GSF. The allocated funds in the amount of $500,000 for the LERR09 - Renovation of Lab and Office Space I project will not be spent because the project was completed with institutional funds in Fiscal Year 2008 due to a pressing need from the department. The LERR09 funds are available for transfer to the Renovation of Lab Office Space V project.

16. U. T. Southwestern Medical Center – Dallas: North Campus Phase 5 - Amendment of the FY 2010-2015 Capital Improvement Program to revise the funding sources; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the North Campus Phase 5 project at The University of Texas Southwestern Medical Center at Dallas as follows:

Project No.:	303-288		
Institutionally Managed:	Yes ☒ No ☐		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	November 2010		
Total Project Cost:	Source	Former	Current
	Tuition Revenue Bond Proceeds	$ 42,000,000	$ 42,000,000
	Permanent University Fund Bond Proceeds	$ 42,000,000	$ 42,000,000
	Gifts	$ 43,000,000	$ 0
	Revenue Financing System Bond Proceeds	$ 29,000,000	$ 72,000,000
		$156,000,000	$156,000,000

Investment metrics:

- Growth in research funding/assignable square feet of research space
- Increase in number of faculty
- Recruitment of new chairs in cell biology, pathology, and radiology, and new pediatric research institute director
- Increase in number and size of National Institutes of Health (NIH) grants

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to revise the funding source of $43,000,000 from Gifts to Revenue Financing System Bond Proceeds;

b. appropriate and authorize expenditure of additional funds in the amount of $43,000,000 from Revenue Financing System Bond Proceeds; and

c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Southwestern Medical Center – Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of $43,000,000.

Debt Service

The $43,000,000 in aggregate Revenue Financing System debt will be repaid from indirect cost recovery. Annual debt service on the $43,000,000 Revenue Financing System debt is expected to be $3,800,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.2 times over FY 2010-2015.

Previous Board Actions

On August 10, 2006, the project was included in the CIP with a total project cost of $156,000,000 with funding of $42,000,000 from Tuition Revenue Bond Proceeds, $42,000,000 from PUF Bond Proceeds, $29,000,000 from Revenue Financing System Bond Proceeds, and $43,000,000 from Gifts. On August 23, 2007, the Board approved the design development plans for the project.

Project Description

The North Campus Phase 5 building project will consist of a 12 story, 474,206 gross square foot tower building, including one floor of parking. The scale of the project has not changed. When the project was originally planned, four floors of office space and research laboratories were to be completed. However, as a result of the availability of project savings and a good bidding climate, six floors can be completed within the same project budget. Four floors of research laboratories will remain as shell space. The revision of Gift funding to Revenue Financing System Bond Proceeds will allow the construction to move forward in a timely manner.

17. U. T. Medical Branch – Galveston: Blocker Burn Unit Renovation, Labor and Delivery Renovation, and John Sealy Hospital Modernization - Amendment of the FY 2010-2015 Capital Improvement Program to combine the three projects and redesignate as the John Sealy Hospital Modernization and approval to increase the total project cost; and revise the funding sources (Final Board approval)

The Board approved the recommendations for the Blocker Burn Unit Renovation, Labor and Delivery Renovation, and John Sealy Hospital Modernization projects at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-486	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	March 2014	
Total Project Cost for	Source	Current
Blocker Burn Unit Renovation:	Gifts	$ 6,000,000
Total Project Cost for	Source	Current
Labor and Delivery Renovation:	Gifts	$ 6,000,000
	Hospital Revenues	$ 2,000,000
		$ 8,000,000

Total Project Cost for John Sealy Hospital Modernization:	Source	Current
	Gifts	$22,000,000

Total Project Cost for Combined Projects:	Source	Current
	Gifts	$36,000,000

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to combine the three projects and redesignate as the John Sealy Hospital Modernization;

b. approve the increase in the total project cost from $22,000,000 to $36,000,000; and

c. revise the combined funding from $34,000,000 from Gifts and $2,000,000 from Hospital Revenues to $36,000,000 from Gifts.

Previous Board Actions

Blocker Burn Unit Renovation - On August 23, 2007, the project was included in the CIP with a total project cost of $6,000,000 with funding from Gifts and was institutionally managed.

Labor and Delivery Renovation - On August 23, 2007, the project was included in the CIP with a total project cost of $8,000,000 with funding of $6,000,000 from Gifts and $2,000,000 from Hospital Revenues and was institutionally managed.

John Sealy Hospital Modernization - On February 12, 2009, the project was included in the CIP with a total project cost of $22,000,000 with funding from Gifts.

Project Description

The three projects are all within one wing of the John Sealy Hospital. The request to combine three existing projects provides the opportunity to complete the project more efficiently and safely. The revitalization and modernization of the John Sealy Hospital project will provide for renovation of approximately 75,000 gross square feet (GSF) of the upper floors of the John Sealy Tower not affected by Hurricane Ike. The project will result in much improved patient rooms in the building. The Blocker Burn Unit will renovate approximately 16,500 GSF on the second floor of the hospital to provide acute burn treatment space, outpatient treatment, and hydrotherapy areas. The replacement of the Labor and Delivery suites will upgrade approximately 21,000 GSF of the hospital for state-of-the-art building systems to meet code requirements and to provide for efficient and effective patient care and medical instruction. The project will provide treatment space, nursing stations, and health care supply rooms.

This combined project, with a total cost of $36,000,000, is the first phase of the John Sealy Hospital Modernization. It is anticipated that an additional $54,000,000 will be spent on future phases of the modernization. These costs are included in the $266,000,000 to be used for modernization, repair, and mitigation of the John Sealy Hospital. The remaining $176,000,000 has been included in the Healthcare Buildings – Hurricane Ike Recovery project for repair and mitigation (see Item 8 on Page 152).

It has been determined that the U. T. System Office of Facilities Planning and Construction will manage the entire project. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

18. <u>U. T. M. D. Anderson Cancer Center: Mid-Campus Building No. 1 (formerly Administrative Support Building) - Amendment of the FY 2010-2015 Capital Improvement Program to revise the funding sources; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</u>

The Board approved the recommendations for the Mid-Campus Building No. 1 project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-404		
Project Delivery Method:	Design/Build		
Substantial Completion Date:	September 2012		
Institutionally Managed:	Yes ☒ No ☐		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	$ 75,000,000	$150,000,000
	Hospital Revenues	<u>$275,000,000</u>	<u>$200,000,000</u>
		$350,000,000	$350,000,000

Investment Metrics:

- Begin vacating existing leases by 2012
- Provide shell and core space by 2012 to accommodate future build-out space for the relocation of other existing leases
- Provide shell and core space by 2012 to accommodate future build-out of space for the relocation of north campus personnel

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to revise the funding of $75,000,000 from Revenue Financing System

Bond Proceeds and $275,000,000 from Hospital Revenues to $150,000,000 from Revenue Financing System Bond Proceeds and $200,000,000 from Hospital Revenues;

b. appropriate and authorize expenditure of additional funds in the amount of $75,000,000 from Revenue Financing System Bond Proceeds; and

c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of $75,000,000.

Debt Service

The $75,000,000 in aggregate Revenue Financing System debt will be repaid from Hospital Revenues. Annual debt service on the $75,000,000 Revenue Financing System debt is expected to be $6,600,000. The institution's debt service coverage is expected to be at least 4.7 times and average 4.9 times over FY 2010-2015.

Previous Board Actions

Administrative Support Building - Phase 1 - On August 11, 2005, the project was included in the CIP with a preliminary project cost of $194,695,000 with funding of $33,000,000 from Revenue Financing System Bond Proceeds and $161,695,000 from Hospital Revenues.

Administrative Support Building - Phase 2 - On August 11, 2005, the project was included in the CIP with a preliminary project cost of $30,976,000 with funding of $8,976,000 from Revenue Financing System Bond Proceeds and $22,000,000 from Hospital Revenues.

Administrative Support Building - Phase 3 - On August 22, 2007, the project was included in the CIP with a preliminary project cost of $20,031,000 with funding from Hospital Revenues.

Data Center Expansion - On August 22, 2007, the project was included in the CIP with a preliminary project cost of $20,000,000 with funding from Hospital Revenues.

Administrative Support Building - On May 15, 2008, the Board approved combining four projects and redesignating the project as the Administrative Support Building. Design development plans and increasing the total project to $350,000,000 with funding of $275,000,000 from Hospital Revenues and $75,000,000 from Revenue Financing System Bond Proceeds were also approved. On June 15, 2009, the Executive Vice Chancellor for Health Affairs approved the redesignation of the project as the Mid-Campus Building No. 1.

Project Description

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has been delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.

The construction of the Mid-Campus Building No. 1 (formerly Administrative Support Building) is underway. Increasing the amount of Revenue Financing System debt and reducing the amount of Hospital Revenues being used to fund this project makes sense in the current economic environment that provides for the issuance of low-cost debt allowing the institution to conserve its current cash position.

The project will construct a shell and core of 1,353,000 gross square feet (GSF) and build out 374,000 GSF. U. T. M. D. Anderson Cancer Center currently leases space in eight different locations in the vicinity of the Texas Medical Center. The multiple locations present a variety of issues including increased operating costs because of the need to maintain an extensive and costly shuttle system and decreased employee productivity because of time spent in transit from facility to facility. Projections indicate the need for additional support space as growth in patient care and research continues. The estimated net present value savings is $10,200,000 to build rather than lease.

The growth rates have also resulted in the need for additional data processing infrastructure and hardware. The Mid-Campus Building No. 1 will include approximately 25,000 GSF for a new data center along with mechanical and electrical systems to support additional redundancy. The new data center will provide redundant capabilities for network systems and improve reliability for critical applications.

The Mid-Campus Building No. 1 provides the opportunity to vacate leases as they expire and consolidate several departments that are currently separated into many disparate locations. In addition, growth space will be provided to meet growth projections.

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--
At 11:50 a.m., the Board voted and approved the Standing Committee recommendations.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on November 11-12, 2009, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:52 a.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

October 6, 2009

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 139

July 30, 2009

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on August 20, 2009. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and I concur in these recommendations.

Francisco G. Cigarroa

Francisco G. Cigarroa
Chancellor

xc: Other Members of
the Board

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U. T. SYSTEM ADMINISTRATION

CONTRACTS

The following contracts have been administratively approved by the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Mesa Vineyards, L.P.
   Funds: $13,350,000
   Period: January 1, 2009 through December 31, 2038
   Description: Renegotiation of surface lease No. 6762 previously approved by the Board on June 30, 1983, covering approximately 1,110 acres of land located in Pecos County, Texas. The current vineyard lease anticipated conditions in the Texas wine industry that did not occur. As a result, the complex royalty provisions yielded revenue that was inconsistent. It was determined that it would be beneficial for the U. T. System and Mesa Vineyards, L.P. to renegotiate a lease that is more straightforward, provides more consistent revenue, and can be more efficiently administered.

2. Agency: Texas Education Agency
   Funds: $1,022,000
   Period: Upon execution through August 31, 2009
   Description: The purpose of this contract is for the Texas Education Agency to obtain the services of U. T. System to revise and update content and materials for the Online Teacher Reading Academies for grades K-4 and align with the English and Spanish Language Arts and Reading, Texas Essential Knowledge and Skills, the English Language Proficiency Standards, and the College and Career Readiness Standards.

REAL ESTATE REPORT

THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System

Summary Report at May 31, 2009

FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 2/28/09	$ 3,613,236	$ 27,055,057	$ 103,994,395	$ 269,795,911	$ 1,843,260	$ 3,446,892	$ 109,450,891	$ 300,297,860
Increase or Decrease	1	1	1	47,812,864	-	-	2	47,812,865
Ending Value 05/31/09	$ 3,613,237	$ 27,055,058	$ 103,994,396	$ 317,608,775	$ 1,843,260	$ 3,446,892	$ 109,450,893	$ 348,110,725
Other Real Estate:								
Ending Value 02/28/09	$ 76,084	$ 76,084	$ 123,602	$ 123,602	$ -	$ -	$ 199,686	$ 199,686
Increase or Decrease	(2,251)	(2,251)	33,240	33,240	-	-	30,988	30,988
Ending Value 05/31/09	$ 73,833	$ 73,833	$ 156,841	$ 156,841	$ -	$ -	$ 230,674	$ 230,674

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands – West Texas Operations. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

OTHER MATTERS

APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS

In accordance with Chapter 51.203 of the *Texas Education Code*, the U. T. System Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective June 12, 2009. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at The University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

Name	Institution
Sorangel A. Alvarez	U. T. Austin
Ben D. Bishop	U. T. Austin
Ronald W. Brown	U. T. Austin
Christopher Thomas Connell	U. T. El Paso
Cortney M. Freeman	U. T. Arlington
Jonathan J. Harris	U. T. San Antonio
Perla S. Noriega	U. T. Brownsville
Shawn R. Smith	U. T. San Antonio

U. T. ARLINGTON

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: The Trevino Group, Inc.
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

2. Agency: Ed Parker, Inc. (dba EPIC)
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

3. Agency: Nouveau Technology Services, LP
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

4. Agency: Harold James, Inc.
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

5. Agency: The Andrew Joseph Company, Inc.
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

6. Agency: DMG Commercial Construction Services, Inc.
   Funds: $3,000,000
   Period: March 12, 2009 through March 11, 2011
   Description: Job order contract for interior renovations and general contracting.

CHANGES TO ADMISSIONS CRITERIA

Texas Education Code Sec. 51.352 requires approval of admission standards by the U. T. System Board of Regents. The following changes to the admission criteria are proposed for inclusion in Graduate Catalog at The University of Texas at Arlington effective Fall 2010. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents**.**

Summary of Changes to Admission Criteria

Nine graduate programs at U. T. Arlington have proposed changes to their current admission criteria. The proposed changes vary across the programs. Therefore the proposed changes are summarized separately by program below. Changes include: 1) those that will allow students to present either the Graduate Management Admissions Test (GMAT) or the Graduate Record Examination (GRE) test scores for admission, 2) a proposal to allow the GMAT to be waived as an admission requirement, 3) proposals to increase and/or decrease scores required from Verbal and Quantitative subtests of GMAT/GRE, 4) proposals to allow slight increases in undergraduate GPA requirements, 5) a proposal to decrease score requirements on tests of English proficiency required of nonnative English speaking applicants, and 6) proposals to add additional admission factors to consider along with current factors in making admission decisions.

The document, showing all proposed changes in congressional style, is available through the U. T. System Office of the Board of Regents.

Master in Aerospace Engineering:

1. Raised admission GPA for doctoral applicants from 3.2 to 3.3.
2. Lowered GRE Verbal test score requirement for doctoral applicants from 500 to 450.
3. Raised GRE Quantitative score requirement for master's students from 650 to 700.
4. Will allow strong performance by nonnative English speakers on one of the tests for English proficiency to offset a weak GRE Verbal subtest score (e.g. one below 400).
5. Consider applicants for admission if they satisfy 3 of the following 4 requirements: the proposed GPA, the proposed GRE scores, favorable letters of reference, and an acceptable statement of purpose.
6. Applicants with no prior training in engineering or with insufficient undergraduate aerospace engineering coursework are currently subject to the same admission criteria as other applicants. It is proposed that these applicants' records will be reviewed in relation to their mathematics, engineering, and science backgrounds, and admission may be granted with specific undergraduate remedial work required if their backgrounds provide adequate preparation.

CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

Master in Health Care Administration:

1. Health Care Administration currently only accepts the GMAT (30^{th} percentile scores on both Verbal and Quantitative subtests) for admission purposes. The program proposes to also accept the GRE (42^{th} percentile on the Verbal and Quantitative subtests).
2. Reduce the currently required score of 575 on the paper-based version of the TOEFL to 550 and the currently required score of 230 on the TOEFL computer-based test to 213 for nonnative English speakers. The program also proposes to accept equivalent test scores on alternatives to the TOEFL paper and computer-based tests. Specifically, a score of 40 on the Test of Spoken English, a minimum score of 6.5 on the International English Language Testing System test, or a minimum TOEFL internet-based test total score of 79 with sectional scores that meet or exceed 22 for the writing section, 21 for the speaking section, 20 for the reading section, and 16 for the listening section will be accepted.

Accounting- Master's Programs:

1. Eliminate use of an "index score" (200 x GPA)+ (GMAT total score) and proposes to consider GPA and GMAT scores as separate admission factors.
2. Raise admission GPA from 2.5 to 3.0.
3. Raise GMAT total score requirement from 400 to 500.
4. Raise GMAT Verbal subtest score from 25^{th} percentile to 30^{th} percentile.
5. Waive the GMAT requirement if an applicant:
    - Graduated from U. T. Arlington (with a bachelor's degree) within three years of expected entrance into the graduate program;
    - Completed at least 60 semester hours at U. T. Arlington;
    - Majored in accounting at U. T. Arlington;
    - Has a 3.25 overall GPA at U. T. Arlington;
    - Has a 3.25 accounting GPA at U. T. Arlington;
    - Has a 3.25 GPA in all advanced work at U. T. Arlington; and
    - Has a 3.25 GPA in the last 60 semester hours completed at U. T. Arlington.
6. Admit applicants with a professional accounting credential if they also meet the following conditions:
    - Graduated from an accredited college or university with an earned bachelor's degree;
    - Has an overall undergraduate GPA of at least 3.0;
    - Has an overall undergraduate major GPA of at least 3.0; and

- Holds a current and recognized professional accounting credential or license, including but not limited to:
    - Certified Public Accountant,
    - Certified Management Accountant,
    - Certified Internal Auditor,
    - Certified Financial Analyst,
    - Certified Fraud Examiner,
    - Chartered Accountant, or
    - Certified Valuation Analyst.

7. Admit applicants who have successfully completed a postbaccalaureate degree with an acceptable graduate grade point average it they meet the following three conditions:
    - Graduated from an accredited college or university with a postbaccalaureate degree (e.g., master's, JD, LLM, MD, Ph.D.);
    - Overall graduate GPA of at least 3.0; and
    - Graduate GPA of at least 3.0 in the major area.

Master of Science in Information Systems:

1. The Master of Science in Information Systems currently accepts only the GMAT (40^{th} percentile scores on both Verbal and Quantitative subtests) for admission purposes. The program proposes to also accept the GRE (30^{th} percentile on the Verbal and Quantitative subtests).
2. The program did not previously note the undergraduate GPA admission requirement. It proposes to expect an undergraduate GPA of at least 3.0.
3. Will no longer consider GMAT writing sample.
4. In addition to current criteria, program will consider grades in specified undergraduate business and nonbusiness courses (math, accounting, economics, and statistics, for example) and educational objectives and quality of written expression contained in the 200 word application essay.

Master's of Science in Business Administration:

1. The Master of Business Administration program currently only accepts the GMAT (40^{th} percentile scores on both Verbal and Quantitative subtests) for admission purposes. The program will accept the GRE (30^{th} percentile on both the Verbal and Quantitative subtests).
2. The program did not previously note the undergraduate GPA admission requirement. It proposes to expect an undergraduate GPA of at least 3.2.
3. Will no longer consider professional licensure as a factor in admission.

CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

Master's of Science in Marketing Research:

1. The Master's of Science in Marketing Research program currently only accepts the GMAT (580 total score, 50th percentile scores on both Verbal and Quantitative subtests) for admission purposes. The program will accept the GRE (50th percentile on both the Verbal and Quantitative subtests).
2. Persons who do not meet either the GMAT or GRE standards will be considered for admission based on evaluation of all (10) admission factors.
3. Students admitted with substandard verbal or quantitative scores on verbal and/or quantitative subtests of the GMAT or GRE may be required to take one or more courses in English and/or Mathematics to improve deficient skills.
4. Consider nonnative English speaking applicants who do not meet English proficiency requirements for admission with the understanding that they must pass a test of English proficiency or complete U. T. Arlington's Graduate English Skills Program before beginning graduate studies.
5. Raise admission GPA requirement from 3.1 to 3.25.
6. Add the following to factors considered in admission: personal interview, accreditation status of previous degree granting institutions, work experience, professional certification, or licensure. These will be considered along with the following current factors: GPA, GMAT or GRE, performance on one of several specified tests of English proficiency if the applicant is not a native English speaker, recommendation letters, and grades in specific undergraduate courses.

Master of Science in Quantitative Finance:

1. The Quantitative Finance program currently only accepts the GMAT (the sum of scores on Verbal and Quantitative subtests must equal 600) for admission purposes. The program proposes to also accept either the GMAT or the GRE, requiring scores at or above the 75th percentile on the quantitative portion, and scores at or above the 40th percentile on the verbal portion of either exam.
2. Change length limit of personal statement from applicant from one page to 200 words.
3. Specify that letters of recommendation must come from persons able to evaluate an applicant's potential for success in graduate studies.
4. Add professional certifications or licensure to factors considered for admission.
5. Applicants are asked to submit a resume that highlights professional and personal accomplishments, linguistic abilities, computer expertise, and leadership experience.

CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

Master of Science in Real Estate:

1. The Master of Science in Real Estate program currently only accepts GMAT scores (30^{th} percentile on both Verbal and Quantitative subtests) for admission purposes. The program proposes to also accept GRE scores (40^{th} percentile on both the Verbal and Quantitative subtests).
2. The program did not previously note the undergraduate GPA admission requirement. It proposes to expect an undergraduate GPA of at least 3.25.

School of Urban and Public Affairs—Master's Programs in Urban Affairs, City and Regional Planning, Public Administration

1. The Master's programs in the School of Urban and Public Affairs did not previously specify expected performance on the Writing subtest of the GRE. They now propose to require a score of 4.0.
2. Raise minimum GRE Verbal subtest score from 400 to 450, raise the minimum GRE Quantitative subtest score from 400 to 450, and to require scores from the GRE Verbal and Quantitative scores to sum to at least 1000.
3. When an applicant fails to meet 2 or more of the 6 factors considered for admission, an admission committee will review the applicant's performance on each factor and deny admission if the review indicates that admission is not justifiable.

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF ENGINEERING					
Mechanical and Aerospace Engineering					
Associate Professor					
1. Dragos S. Dancila (T)	4/16-5/31	100	09	100,000	3150

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been executed, been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas at Arlington. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Men's Golf Coach

   From: $52,000 annually

   To: $60,000 annually

   Salary Percent Change: 15.38

   Description: Renewal agreement for employment of Head Men's Golf Coach, Jay Rees, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: Added: $250 for each student-athlete who is recognized as a "Southland Conference First Team All Academic Member"; $500 for a student-athlete being recognized as the "Southland Conference Men's Golf Student-Athlete of the Year"; $1,500 Golf Stat end of the season top 30 national ranking (changed from top 50 ranking in previous contract); $1,000 Golf Stat end of the season top 50 national ranking (changes from top 75 from previous contract); $750 Golf Stat end of season top 75 national ranking; $250 for each Golf Stat top ten national ranking in a statistical category: Short Game, Putting, Greens in Regulation, Subpar Strokes Per Round, Scoring.

   Period: June 1, 2009 through May 31, 2013

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
College of Business Administration		
Finance/Real Estate		
Sanjiv Sabherwal	Assistant Professor (NT)	Associate Professor (T)
Information Systems and Operations Management		
Alan Cannon	Assistant Professor (NT)	Associate Professor (T)
Management		
James Lavelle	Assistant Professor (NT)	Associate Professor (T)
College of Engineering		
Computer Science and Engineering		
Jean Gao	Assistant Professor (NT)	Associate Professor (T)
Yonghe Liu	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering		
Michael Vasilyev	Assistant Professor (NT)	Associate Professor (T)
Weidong Zhou	Assistant Professor (NT)	Associate Professor (T)
Vasant K. Prabhu	Professor (T)	Professor Emeritus
Raymond R. Shoults	Professor (T)	Professor Emeritus
Industrial and Manufacturing Systems Engineering		
Jay Rosenberger	Assistant Professor (NT)	Associate Professor (T)
Materials Science Engineering		
Seong Jin Koh	Assistant Professor (NT)	Associate Professor (T)
Mechanical and Aerospace Engineering		
Atilla Dogan	Assistant Professor (NT)	Associate Professor (T)
Kamesh Subbarao	Assistant Professor (NT)	Associate Professor (T)
John J. Mills	Professor (T)	Professor Emeritus

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Liberal Arts		
Communication		
Andrew Clark	Assistant Professor (NT)	Associate Professor (T)
Karin McCallum	Professor (T)	Professor Emeritus
Linguistics and TESOL		
Donald A. Burquest	Associate Professor (T)	Professor Emeritus
College of Science		
Biology		
Esther Betran	Assistant Professor (NT)	Associate Professor (T)
Cedric Feschotte	Assistant Professor (NT)	Associate Professor (T)
Michael Roner	Assistant Professor (NT)	Associate Professor (T)
Howard J. Arnott	Professor (T)	Professor/Dean Emeritus
Robert McMahon	Professor (T)	Professor Emeritus
Edward Bellion	Professor (T)	Professor Emeritus
Mathematics		
Hua Shan	Assistant Professor (NT)	Associate Professor (T)
School of Nursing		
Nursing		
Judy LeFlore	Assistant Professor (NT)	Associate Professor (T)
School of Social Work		
Social Work		
Sunk Seek Moon	Assistant Professor (NT)	Associate Professor (T)
School of Urban and Public Affairs		
Urban and Public Affairs		
Allen Repko	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

	Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a.	Required for graduation	43	54	97	3
b.	To keep proper sequence	0	0	0	2
c.	New program	0	0	0	0
d.	Cross listed	17	3	20	0
e.	First time offered	0	0	0	0
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	0	0	0	0
	Subtotal	60	57	117	5
h.	Voluntarily offered	7	0	7	12
	Total	67	57	124	17
	Semester Credit Hours generated in small classes	1,009	1,075	2,084	216
	Percentage of Total Semester Credit Hours offered in small classes	0.47%	0.52%	0.49%	0.06%

Instructions for completing the Small Class Report have clarified the calculation of small classes when they involve cross listed or multi-section classes. For institutions using a different calculation method in previous years, comparisons to this year may not be reliable.

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	34	43	77	1
b. To keep proper sequence	0	0	0	1
c. New program	0	0	0	0
d. Cross listed	42	18	60	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	76	61	137	2
h. Voluntarily offered	0	0	0	0
Total	76	61	137	2
Semester Credit Hours generated In small classes	591	487	1,078	24
Percentage of total Semester Credit Hours offered in small classes	1.48%	1.25%	1.37%	0.03%

Instructions for completing the Small Class Report have clarified the calculation of small classes when they involve cross listed or multi-section classes. For institutions using a different calculation method in previous years, comparisons to this year may not be reliable.

U. T. AUSTIN

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

FOREIGN CONTRACTS

1. Agency: Johannes Gutenberg-Universität Mainz
   Funds: $106,128
   Period: June 11, 2009 through December 31, 2011
   Description: U. T. Austin's Red McCombs School of Business Executive Education will provide customized programs, guestrooms, conference rooms/classrooms, and food/beverage accommodations for the Universität Mainz Executive Master of Business Administration program. Executive Education may issue multiple Program Addenda during the term of this agreement.

FUNDS GOING OUT

2. Agency: Anatole Partners III, LLC dba Hilton Anatole
   Funds: $1,243,140
   Period: Effective September 4, 2009 through July 17, 2010
   Description: Hilton Anatole Hotel will provide classroom and meeting room space for U. T. Austin's Red McCombs School of Business, Texas MBA at the Dallas/Fort Worth program.

3. Agency: Capital Metropolitan Transportation Authority (Capital Metro)
   Funds: $6,003,680
   Period: Effective September 1, 2009 through August 31, 2010
   Description: Second amendment to agreement between U. T. Austin and Capital Metro to provide shuttle bus service for the University. The amendment extends the agreement under option year two for a projected amount of 135,354 service hours. The original agreement was approved by the Board at the February 9, 2006 meeting.

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

				Full-time Salary		
	Description	Effective Date	% Time	No. Mos.	Rate $	RBC #
COLLEGE OF EDUCATION						
Educational Psychology						
1.	Guy J. Manaster					3063
From:	Charles H. Spence Centennial Professorship in Education and Professor (T)		50	09	99,755	
	Professorship Supplement		SUPLT	09	6,750	
To:	Charles H. Spence Centennial Professor Emeritus in Education	1/16-5/31			0	
Kinesiology and Health Education						
2.	Charles W. Craven					3064
From:	Associate Professor (T)		70	09	79,670	
To:	Associate Professor Emeritus	9/1-5/31			0	
COCKRELL SCHOOL OF ENGINEERING						
Mechanical Engineering						
J. H. Herring Centennial Professor Emeritus in Engineering						
3.	Ronald L. Panton	9/1-5/31			0	3065
Professor Emeritus						
4.	Billy V. Koen	9/1-5/31			0	3066

AMENDMENTS TO THE 2008-09 BUDGET (CONTINUED)

TENURE APPOINTMENTS (CONTINUED)

Description		Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF NATURAL SCIENCES						
Mathematics						
5.	Bruce P. Palka					3075
From:	Professor (T)		100	09	84,760	
To:	Professor Emeritus	9/1-5/31			0	
6.	John R. Durbin					3076
From:	Professor (T)		100	09	83,900	
To:	Professor Emeritus	9/1-5/31			0	
SCHOOL OF SOCIAL WORK						
Social Work						
7.	Laura Lein					3077
From:	Professor (T)		100	09	97,760	
To:	Professor Emeritus	1/1-5/31			0	

TRANSFERS OF FUNDS

Description		$ Amount	RBC #
PLANT FUNDS			
Project Management and Construction Services			
8.	Amount of Transfer:	900,000	3078
From:	Trademark Funds – Gift for Academic Priorities - Maintenance, Operation, Equipment		
To:	MAI – Renovation of Room 212 All Expenses		
	Supplemental funds for renovation of Room 212 in the Main Building (MAI).		

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas at Austin. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Women's Rowing Coach

   From: $92,870 annually

   To: $92,870 annually

   Salary Percent Change: n/a

   Description: Third amendment to the agreement for employment of Head Women's Rowing Coach, Carie B. Graves, to extend the term of the agreement for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: September 1, 2009 through August 31, 2010

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Women’s Tennis Coach

From: $139,310 annually

To: $139,310 annually

Salary Percent Change: First amendment – n/a

Second amendment – n/a

Description: First amendment to the agreement for employment of Head Women’s Tennis Coach, Patricia Fendick-McCain, changes the team academic performance incentive for the designated period following the standard coach’s employment contract prepared by the Office of General Counsel.

Second amendment to the agreement for employment extends the term of the agreement for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: First amendment changed Section III.F. to read that subject to approval by the president, the academic goal(s) would be based on the team grade performance, team graduation rate, team retention rate, team academic progress rate, the combination of the same, or any future established criteria. A performance incentive of not less than $5,000 nor more than $10,000 will be paid if the academic goals are achieved.

Second amendment – n/a

Period: First amendment – September 1, 2007 through August 31, 2010

Second amendment – September 1, 2009 through August 31, 2014

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
School of Architecture		
Architecture and Planning		
Smilja Milovanovic-Bertram	Assistant Professor (NT)	Associate Professor (T)
Ming Zhang	Assistant Professor (NT)	Associate Professor (T)
Red McCombs School of Business		
Finance		
Aydogan Alti	Assistant Professor (NT)	Associate Professor (T)
Jennifer Huang	Assistant Professor (NT)	Associate Professor (T)
Clemens Sialm	Assistant Professor (NT)	Associate Professor (T)
College of Communication		
Radio-Television-Film		
Andrew B. Shea	Assistant Professor (NT)	Associate Professor (T)
Laura L. Stein	Assistant Professor (NT)	Associate Professor (T)
School of Journalism		
Renita B. Coleman	Assistant Professor (NT)	Associate Professor (T)
College of Education		
Curriculum and Instruction		
Jill A. Marshall	Assistant Professor (NT)	Associate Professor (T)
Helen Taylor Martin	Assistant Professor (NT)	Associate Professor (T)
Luis Urrieta	Assistant Professor (NT)	Associate Professor (T)
Educational Administration		
William F. Lasher	Professor (T)	Emeritus Professor (NT)
Educational Psychology		
William R. Koch	Professor (T)	Emeritus Professor (NT)
Frank W. Wicker	Professor (T)	Emeritus Professor (NT)
Kinesiology and Health Education		
Lisa Griffin	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
Cockrell School of Engineering		
Civil, Architectural, and Environmental Engineering		
Carlos H. Caldas	Assistant Professor (NT)	Associate Professor (T)
Todd A. Helwig	Assistant Professor (NT)	Associate Professor (T)
William J. O'Brien	Assistant Professor (NT)	Associate Professor (T)
Stephen G. Wright	Professor (T)	Emeritus Professor (NT)
Electrical and Computer Engineering		
Surya Santoso	Assistant Professor (NT)	Associate Professor (T)
Sriram Vishwanath	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
Preston S. Wilson	Assistant Professor (NT)	Associate Professor (T)
College of Fine Arts		
Art and Art History		
Rebecca L. Brooks	Professor (T)	Emeritus Professor (NT)
Jarvis W. Ulbricht	Professor (T)	Emeritus Professor (NT)
Sarah and Ernest Butler School of Music		
John M. Fremgen	Assistant Professor (NT)	Associate Professor (T)
John R. Mills	Assistant Professor (NT)	Associate Professor (T)
Theatre and Dance		
David Justin	Assistant Professor (NT)	Associate Professor (T)
Deborah A. Paredez	Assistant Professor (NT)	Associate Professor (T)
School of Information		
Information		
Jo Lynn Westbrook	Assistant Professor (NT)	Associate Professor (T)
School of Law		
Law		
Oren Bracha	Assistant Professor (NT)	Professor (T)
College of Liberal Arts		
American Studies		
Randolph R. Lewis	New Hire	Associate Professor (T)
Shirley E. Thompson	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Liberal Arts (Continued)		
Anthropology		
William F. Hanks	New Hire	C.B. Smith, Sr. Centennial Chair in United States-Mexico Relations #2 (T)
Jennifer A. Johnson-Hanks	New Hire	Professor (T)
Edward C. Kirk	Assistant Professor (NT)	Associate Professor (T)
Lok C. Siu	New Hire	Associate Professor (T)
Shannon Speed	Assistant Professor (NT)	Associate Professor (T)
Circe D. Sturm	New Hire	Associate Professor (T)
Asian Studies		
Robert M. Oppenheim	Assistant Professor (NT)	Associate Professor (T)
Nancy K. Stalker	Assistant Professor (NT)	Associate Professor (T)
Classics		
Jennifer V.Ebbeler	Assistant Professor (NT)	Associate Professor (T)
Economics		
Thomas E. Wiseman	Assistant Professor (NT)	Associate Professor (T)
English		
Samuel Baker	Assistant Professor (NT)	Associate Professor (T)
Daniel J. Birkholz	Assistant Professor (NT)	Associate Professor (T)
John M. Gonzalez	Assistant Professor (NT)	Associate Professor (T)
Jennifer M. Wilks	Assistant Professor (NT)	Associate Professor (T)
Government		
Daniel M. Brinks	Assistant Professor (NT)	Associate Professor (T)
Jason M. Brownlee	Assistant Professor (NT)	Associate Professor (T)
Juliet A. Hooker	Assistant Professor (NT)	Associate Professor (T)
Andrew J. Karch	Assistant Professor (NT)	Associate Professor (T)
History		
Erika Marie Bsumek	Assistant Professor (NT)	Associate Professor (T)
Huaiyin Li	Assistant Professor (NT)	Associate Professor (T)
Tracie M. Matysik	Assistant Professor (NT)	Associate Professor (T)
Rhetoric and Composition		
Mark G. Longaker	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Liberal Arts (Continued)		
Sociology		
Mary Rose	Assistant Professor (NT)	Associate Professor (T)
Alexander A. Weinrab	New Hire	Associate Professor (T)
Wei-Hsin Yu	Assistant Professor (NT)	Associate Professor (T)
Spanish and Portuguese		
Sonia Roncador	Assistant Professor (NT)	Associate Professor (T)
Almeida J. Toribio	New Hire	Professor (T)
College of Natural Sciences		
Astronomy		
Volker Bromm	Assistant Professor (NT)	Associate Professor (T)
Shardha Jogee	Assistant Professor (NT)	Associate Professor (T)
Chemistry and Biochemistry		
Christopher W. Bielawski	Assistant Professor (NT)	Associate Professor (T)
John C.Gilbert	Professor (T)	Emeritus Professor (NT)
Lara K. Mahal	Assistant Professor (NT)	Associate Professor (T)
Xiao Y. Zhu	New Hire	William H. Wade Endowed Professor in Chemistry (T)
Computer Sciences		
Vitaly Shmatikov	Assistant Professor (NT)	Associate Professor (T)
Physics		
Ernst-Ludwig Florin	Assistant Professor (NT)	Associate Professor (T)
Maxim Tsoi	Assistant Professor (NT)	Associate Professor (T)
Section of Integrative Biology		
Daniel I. Bolnick	Assistant Professor (NT)	Associate Professor (T)
Timothy H. Keitt	Assistant Professor (NT)	Associate Professor (T)
Section of Molecular Cell and Developmental Biology		
Enamul Huq	Assistant Professor (NT)	Associate Professor (T)
Section of Molecular Genetics and Microbiology		
Marvin Whiteley	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
School of Nursing		
Nursing		
Sharon L. Dormire	Assistant Professor (NT)	Associate Professor (T)
Alexandra A. Garcia	Assistant Professor (NT)	Associate Professor (T)

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Press with The University of Texas at Austin. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.	Name:	William H. Press, Ph.D.
	Title:	Professor, Warren J. and Viola Mae Raymer Chair in the Department of Computer Sciences
	Position:	Member, President's Council of Advisors on Science and Technology (PCAST)
	Period:	Unspecified
	Compensation:	None
	Description:	President Barack Obama appointed Dr. Press to the President's Council of Advisors on Science and Technology on April 27, 2009. PCAST is an advisory group of the nation's leading scientists and engineers who advise the President and Vice President and formulate policy in the many areas where an understanding of science, technology, and innovation is key to strengthening the economy and forming policy that works for the American people. PCAST is part of the Executive Office of the President and is administered by the Office of Science and Technology Policy.

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	33	80	113	82
b.	To keep proper sequence	119	145	264	198
c.	New program	8	14	22	19
d.	Cross listed	0	0	0	0
e.	First time offered	12	20	32	19
f.	Accreditation or licensing standard	22	2	24	23
g.	Limited facilities	15	120	135	33
	Subtotal	209	381	590	374
h.	Voluntarily offered	30	43	73	39
	Total	239	424	663	413
Semester Credit Hours generated in small classes		3,939	6,779	10,718	7,025
Percentage of Total Semester Credit Hours offered in small classes		0.79%	1.45%	1.11%	0.72%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	18	24	42	56
b. To keep proper sequence	37	38	75	77
c. New program	1	4	5	5
d. Cross listed	0	0	0	0
e. First time offered	2	8	10	7
f. Accreditation or licensing standard	6	11	17	25
g. Limited facilities	1	8	9	4
Subtotal	65	93	158	174
h. Voluntarily offered	35	43	78	17
Total	100	136	236	191
Semester Credit Hours generated In small classes	707	1,030	1,737	1,679
Percentage of total Semester Credit Hours offered in small classes	0.58%	0.87%	0.73%	0.70%

U. T. BROWNSVILLE

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Brownsville is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas at Brownsville. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Baseball Coach

   From: $42,000 annually

   To: $42,840 annually

   Salary Percent Change: 0.20%

   Description: Renewal agreement for employment of Head Baseball Coach, Bryan Daniel Aughney, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: August 1, 2009 through July 31, 2010

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Golf Coach

From: $42,864 annually

To: $42,864 annually

Salary Percent Change: n/a

Description: Renewal agreement for employment of Head Golf Coach, Robert Lucio, for the above designated period following the standard coach's employment contract prepared by the office of General Counsel.

Incentive Change: n/a

Period: September 1, 2009 through August 31, 2010

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
College of Applied Technology and General Studies		
Office of Developmental Studies		
Leslie K. Jones	Assistant Master Technical Instructor (NT)	Associate Master Technical Instructor (T)
College of Liberal Arts		
English and Communication		
John Cook	Associate Professor (NT)	Associate Professor (T)
Louis K. Falk	Associate Professor (NT)	Associate Professor (T)
Teresa Murden	Assistant Professor (NT)	Associate Professor (T)
Terence Garrett	Associate Professor (NT)	Associate Professor (T)
History		
Thomas Britten	Assistant Professor (NT)	Associate Professor (T)
College of Science, Math and Technology		
Chemistry and Environmental Sciences		
Elizabeth Heise	Assistant Professor (NT)	Assistant Professor (T)
Mathematics		
Oleg Musin	Associate Professor (NT)	Professor (T)
Physics and Astronomy		
Soumya Mohanty	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
School of Health Sciences		
Allied Health		
Marti Flores	Assistant Master Technical Instructor (NT)	Associate Master Technical Instructor (T)
Nursing		
Ofelia Hess	Technical Instructor (NT)	Assistant Master Technical Instructor (T)
Beatriz Von Ohlen	Technical Instructor (NT)	Assistant Master Technical Instructor (T)
Constance Hayes	Assistant Master Technical Instructor (NT)	Assistant Master Technical Instructor (T)
Nora Montalvo-Liendo	Assistant Professor (NT)	Assistant Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	27	36	63	68
b.	To keep proper sequence	26	16	42	55
c.	New program	5	4	9	7
d.	Cross listed	0	0	0	4
e.	First time offered	0	1	1	18
f.	Accreditation or licensing standard	0	0	0	2
g.	Limited facilities	1	1	2	0
	Subtotal	59	58	117	154
h.	Voluntarily offered	1	4	5	2
	Total	60	62	122	156
Semester Credit Hours generated in small classes		1,116	1,177	2,293	2,682
Percentage of Total Semester Credit Hours offered in small classes		2.61%	3.44%	2.98%	3.83%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	6	3	9	12
b.	To keep proper sequence	5	5	10	10
c.	New program	1	1	2	4
d.	Cross listed	0	0	0	0
e.	First time offered	0	0	0	1
f.	Accreditation or licensing standard	0	0	0	1
g.	Limited facilities	0	1	1	0
	Subtotal	12	10	22	28
h.	Voluntarily offered	0	0	0	1
	Total	12	10	22	29
Semester Credit Hours generated In small classes		113	95	208	269
Percentage of total Semester Credit Hours offered in small classes		2.66%	2.33%	2.50%	3.31%

U. T. DALLAS

CHANGES TO ADMISSIONS CRITERIA

The following summary of changes to the admission criteria and criteria for the award of institutional competitive scholarships or fellowships are proposed for inclusion in the Undergraduate Catalog at The University of Texas at Dallas. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents**:**

Summary of Changes to Admission Criteria

The change in criteria involves adding a component called "Assured Admission" that provides freshmen applicants with an assurance of admission if they present either a 26 Composite ACT, a 1200 SAT consisting of the sum of the critical reading and math scores, or top 15% class rank. Assured admission also requires completion of the recommended curriculum or its equivalent.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Dallas is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas at institution. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Men's Basketball Coach

   From: $50,804 annually

   To: $50,804 annually

   Salary Percent Change: n/a

   Description: Renewal agreement for employment of Head Men's Basketball Coach, Terry Butterfield, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: April 1, 2009 through March 31, 2010

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Women's Basketball Coach

From: $49,804 annually

To: $49,804 annually

Salary Percent Change: n/a

Description: Renewal agreement for employment of Head Women's Basketball Coach, Polly Thomason, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: April 1, 2009 through March 31, 2010

FEES AND MISCELLANEOUS CHARGES

PARKING PERMIT FEES

Approval is recommended for the following parking permit fee to be effective beginning with the Fall Semester 2009. The proposed fee is consistent with the applicable statutory requirements under Section 54.505(b) of the *Texas Education Code* and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect this fee.

	Current Rate $	Proposed Rate $	Percent Increase
Faculty/Staff Classifications			
Premium Reserved	0	400	n/a

Note: Premium Reserved permits are for assigned parking spaces in Lot R located directly behind the Multipurpose/Administration Building.

Annual parking permit fees may be prorated for permits purchased for the spring semester/summer session or for the summer session only, and at the discretion of the institution, refunds may be made for fall semester enrollment/employment only.

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

STUDENT SERVICES FEES
GENERAL PROPERTY DEPOSIT

Approval is recommended for the following incidental fee to be effective beginning with the Fall Semester 2009. The proposed fee is consistent with the applicable statutory requirements under Section 54.502 of the *Texas Education Code* and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect this fee.

	Current Rate $	Proposed Rate $	Percent Increase
One-time			
General Property Deposit	10	0	n/a

Note: U. T. Dallas is eliminating the General Property Deposit fee as it is an administrative burden.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
School of Arts and Humanities		
Art History		
Deborah Stott	Associate Professor (T)	Emeritus Professor (NT)
Chinese History		
Michael Farmer	Assistant Professor (NT)	Associate Professor (T)
Theatre		
Venus Reese	Associate Professor (NT)	Associate Professor (T)
School of Engineering and Computer Science		
Computer Science		
Neeraj Mittal	Assistant Professor (NT)	Associate Professor (T)
Kamil Sarac	Assistant Professor (NT)	Associate Professor (T)
Engineering		
Issa Panahi	Assistant Professor (NT)	Associate Professor (T)
Materials Science		
Eric Vogel	Associate Professor (NT)	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Political Science		
Linda Keith	Assistant Professor (NT)	Associate Professor (T)
Sociology		
Sheryl Skaggs	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
School of Management		
Finance		
Alexander Butler	Assistant Professor (NT)	Associate Professor (T)
Organizations, Strategy and International Management		
Seung-Hyun Lee	Assistant Professor (NT)	Associate Professor (T)
Information Systems and Operations Management		
Zhiqiang Eric Zheng	Assistant Professor (NT)	Associate Professor (T)
School of Natural Sciences and Mathematics		
Biomathematics		
Mieczyslaw Dabkowski	Assistant Professor (NT)	Associate Professor (T)
Physics		
Yuri Gartstein	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	22	17	39	25
b. To keep proper sequence	22	9	31	46
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	2	2	4	7
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	4
Subtotal	46	28	74	82
h. Voluntarily offered	8	1	9	19
Total	54	29	83	101
Semester Credit Hours generated in small classes	897	527	1,424	1,681
Percentage of Total Semester Credit Hours offered in small classes	0.76%	0.47%	0.62%	0.76%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	1	1	2	2
b. To keep proper sequence	3	9	12	12
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	1	0	1	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	5	10	15	15
h. Voluntarily offered	0	2	2	8
Total	5	12	17	23
Semester Credit Hours generated In small classes	45	118	163	190
Percentage of total Semester Credit Hours offered in small classes	0.12%	0.30%	0.21%	0.27%

U. T. EL PASO

CONTRACTS

The following contract has been administratively approved by the President or her delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1.	Agency:	Borderplex 201 E. Main, LLC, a Texas limited liability company
	Funds:	$2,542,547 in rent plus proportionate share of increases of operating expenses which exceed an expense stop of $8.05 per square feet.
	Period:	September 1, 2009 through August 31, 2024
	Description:	A space lease agreement for U. T. El Paso to lease 11,713 feet of classroom and office space located at the Chase Tower, 201 E. Main Street, El Paso, Texas, for the College of Business Administration, Executive MBA and Accelerated MBA Programs.

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary No. Mos.	Full-time Salary Rate $	RBC #
COLLEGE OF EDUCATION					
Teacher Education					
Associate Professor					
1. Patrick H. Smith (T)	6/1-8/31	77.14	09	70,000	3125

TRANSFERS OF FUNDS

Description	$ Amount	RBC #
AUXILIARY FUNDS		
Road Shows and Special Events		
2. Amount of Transfer:	1,247,570	3153

From: Road Shows and Special Events - Income

To: Road Shows and Special Events - Expenses

Budget adjustment to reflect additional income and expenses related to increased event activity.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
College of Business Administration		
Economics and Finance		
Erik Devos	Assistant Professor (NT)	Associate Professor (T)
College of Engineering		
Computer Science		
Yoonsik Cheon	Assistant Professor (NT)	Associate Professor (T)
Electrical and Computer Engineering		
Eric MacDonald	Assistant Professor (NT)	Associate Professor (T)
Industrial Engineering		
Tzu-Liang Tseng	Assistant Professor (NT)	Associate Professor (T)
College of Liberal Arts		
English		
Beth Brunk-Chavez	Assistant Professor (NT)	Associate Professor (T)
History		
Jeffrey Shepherd	Assistant Professor (NT)	Associate Professor (T)
Languages and Linguistics		
Ellen Courtney	Assistant Professor (NT)	Associate Professor (T)
Psychology		
Christina Sobin	Associate Professor (NT)	Associate Professor (T)
College of Science		
Chemistry		
Juan C. Noveron	Assistant Professor (NT)	Associate Professor (T)
Wen-Yee Lee	Assistant Professor (NT)	Associate Professor (T)
Geology		
Thomas Gill	Associate Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	14	9	23	10
b.	To keep proper sequence	11	6	17	7
c.	New program	1	3	4	0
d.	Cross listed	7	9	16	1
e.	First time offered	0	0	0	3
f.	Accreditation or licensing standard	4	0	4	0
g.	Limited facilities	0	2	2	0
	Subtotal	37	29	66	21
h.	Voluntarily offered	13	8	21	12
	Total	50	37	87	33
Semester Credit Hours generated in small classes		554	550	1,104	410
Percentage of Total Semester Credit Hours offered in small classes		0.29%	0.31%	0.30%	0.11%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	7	2	9	3
b. To keep proper sequence	5	7	12	6
c. New program	0	1	1	2
d. Cross listed	4	4	8	1
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	16	14	30	12
h. Voluntarily offered	0	0	0	02
Total	16	14	30	14
Semester Credit Hours generated In small classes	119	101	220	153
Percentage of total Semester Credit Hours offered in small classes	0.57%	0.50%	0.54%	0.39%

U. T. PAN AMERICAN

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1.	Agency:	Sodexo Service of Texas Limited Partnership
	Funds:	$1,695,452
	Period:	July 16, 2001 through July 15, 2010
	Description:	On campus food services provider. Sodexo Service of Texas Limited Partnership amended and restated food service agreement. Student input was obtained as required by statute.

FEES AND MISCELLANEOUS CHARGES

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Spring Semester 2010. The proposed fees are consistent with the applicable statutory requirements under Section 54.505(b) of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect these fees.

	Current Rates $	Proposed Rates $	Percent Increase
Annual fees:			
Student Permit Classifications			
General Parking			
Annual permit	39	45	15.38
Spring semester	30	35	16.67
Summer I semester	20	23	15.00
Summer II semester	10	12	20.00
Faculty/Staff Classifications			
General Parking			
Annual permit	39	45	15.38
Spring semester	30	35	16.67
Summer I semester	20	23	15.00
Summer II semester	10	12	20.00

Note: Annual parking permit fees may be prorated for permits purchased for spring semester/summer session or for summer session only, and at the discretion of the institution, refunds may be made for fall semester enrollment/employment only.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
College of Arts and Humanities		
Art		
Lorenzo Pace	Professor (NT)	Professor (T)
David A. Martinez	Assistant Professor (NT)	Associate Professor (T)
Karen F. Sanders	Assistant Professor (NT)	Associate Professor (T)
Communication		
Kimberly P. Selber	Assistant Professor (NT)	Associate Professor (T)
English		
Danika M. Brown	Assistant Professor (NT)	Associate Professor (T)
Ed Cameron	Assistant Professor (NT)	Associate Professor (T)
History and Philosophy		
Cynthia M. McWilliams	Assistant Professor (NT)	Associate Professor (T)
College of Business Administration		
Accounting and Business Law		
Jan M. Smolarski	Associate Professor (NT)	Associate Professor (T)
Haiyan Zhou	Assistant Professor (NT)	Associate Professor (T)
Management, Marketing and International Business		
Joo Jung	Assistant Professor (NT)	Associate Professor (T)
College of Education		
Curriculum and Instruction		
Isela Almaguer	Assistant Professor (NT)	Associate Professor (T)
Alcione Ostorga	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology		
Laura Saenz	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Science and Engineering		
Biology		
Frederic Zaidan, III	Assistant Professor (NT)	Associate Professor (T)
Chemistry		
Javier Macossay-Torres	Assistant Professor (NT)	Associate Professor (T)
Computer Science		
Bin Fu	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering		
Weidong Kuang	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
Constantine M. Tarawneh	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Zhaosheng Feng	Assistant Professor (NT)	Associate Professor (T)
College of Social and Behavioral Sciences		
Psychology and Anthropology		
Philip G. Gasquoine	Associate Professor (NT)	Associate Professor (T)
Public Administration		
Cynthia E. Lynch	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	31	25	56	52
b.	To keep proper sequence	9	2	11	32
c.	New program	7	11	18	14
d.	Cross listed	47	51	98	78
e.	First time offered	1	1	2	6
f.	Accreditation or licensing standard	0	4	4	0
g.	Limited facilities	1	0	1	1
	Subtotal	96	94	190	183
h.	Voluntarily offered	82	83	165	121
	Total	178	177	355	304
Semester Credit Hours generated in small classes		1461	1627	3088	4084
Percentage of total Semester Credit Hours offered in small classes		0.79%	0.95%	0.87%	1.17%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	5	2	7	8
b. To keep proper sequence	3	2	5	3
c. New program	1	2	3	5
d. Cross listed	18	8	26	27
e. First time offered	1	1	2	3
f. Accreditation or licensing standard	1	0	1	0
g. Limited facilities	0	0	0	0
Subtotal	29	15	44	46
h. Voluntarily offered	45	42	87	56
Total	74	57	131	102
Semester Credit Hours generated in small classes	336	265	601	627
Percentage of total Semester Credit Hours offered in small classes	2.26%	1.78%	2.02%	2.25%

U. T. PERMIAN BASIN

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas of the Permian Basin is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas of the Permian Basin. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Assistant Athletic Director and Head Women's Basketball Coach

   From: $18,400 annually

   To: $39,594 annually

   Salary Percent Change: 3.00

   Description: Renewal agreement for employment of Assistant Athletic Director and Head Women's Basketball Coach, Adam B. Collins, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: September 1, 2009 through August 31, 2010

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Men's Baseball Coach

   From: $33,143

   To: $36,475

   Salary Percent Change: 10.05

   Description: Renewal agreement for employment of Head Men's Baseball Coach, Brian E. Reinke, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: September 1, 2009 through August 31, 2010

3. Item: Head Men's Basketball Coach

   Funds: $38,600 annually

   Period: September 1, 2009 through August 31, 2010

   Description: Initial agreement for employment of Head Men's Basketball Coach, Dwaine Osborne, for the designated above period following the standard coach's employment contract prepared by the Office of General Counsel.

4. Item: Head Men's and Women's Cross Country/Track Coach

   Funds: $12,000 annually

   Period: September 1, 2009 through August 31, 2010

   Description: Initial agreement for employment of Head Men's and Women's Cross Country/Track Coach, Phillip J. Caudill, for the designated above period following the standard coach's employment contract prepared by the Office of General Counsel.

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

5. Item: Head Men's and Women's Soccer Coach

From: $32,340 annually

To: $35,340 annually

Salary Percent Change: 9.28

Description: Renewal agreement for employment of Head Men's and Women's Soccer Coach, Dennis R. Peterson, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: September 1, 2009 through August 31, 2010

6. Item: Head Women's Softball Coach

From: $14,440 annually

To: $16,257 annually

Salary Percent Change: 12.58

Description: Renewal agreement for employment of Head Women's Softball Coach, Angela J. Kenney, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: September 1, 2009 through August 31, 2010

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

7. Item: Head Men's and Women's Swimming Coach

From: $19,222 annually

To: $19,502 annually

Salary Percent Change: 1.46

Description: Renewal agreement for employment of Head Men's and Women's Swimming Coach, Robin T. Rankin, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: September 1, 2009 through August 31, 2010

8. Item: Athletic Director and Head Women's Volleyball Coach

From: $55,146 annually

To: $56,358 annually

Salary Percent Change: 2.20

Description: Renewal agreement for employment of Athletic Director and Head Women's Volleyball Coach, Steven J. Aicinena, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: September 1, 2009 through August 31, 2010

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of The University of Texas of the Permian Basin and are consistent with the *Regents' Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
School of Education		
Educational Leadership and Counseling		
Rachel Juarez-Torres	Assistant Professor (NT)	Associate Professor (T)
College of Arts and Science		
Literature and Languages		
Todd Richardson	Assistant Professor (NT)	Associate Professor (T)
Visual and Performing Arts		
Marianne Woods	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	11	13	24	12
b. To keep proper sequence	13	15	28	22
c. New program	0	3	3	4
d. Cross listed	0	0	0	0
e. First time offered	4	1	5	5
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	2
Subtotal	28	32	60	45
h. Voluntarily offered	0	0	0	1
Total	28	32	60	46
Semester Credit Hours generated in small classes	537	626	1163	853
Percentage of Total Semester Credit Hours offered in small classes	1.69%	2.12%	1.89%	1.31%

Note: Flex-entry students are included for this report.

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	0	1	1	2
b. To keep proper sequence	0	0	0	0
c. New program	1	0	1	0
d. Cross listed	0	0	0	0
e. First time offered	0	1	1	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	1	2	3	2
h. Voluntarily offered	0	0	0	0
Total	1	2	3	2
Semester Credit Hours generated In small classes	9	24	33	21
Percentage of total Semester Credit Hours offered in small classes	0.22%	0.63%	0.42%	0.32%

U. T. SAN ANTONIO

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been executed, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations* and the policies of The University of Texas at San Antonio. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Women's Volleyball Coach

   From: $56,601 annually

   To: $56,601 annually

   Salary Percent Change: None

   Description: Renewal agreement for employment of Head Women's Volleyball Coach, Laura Groff, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

   Incentive Change: n/a

   Period: February 1, 2009 through January 31, 2012

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTINUED)

2. Item: Head Women's Softball Coach

From: $52,142 annually

To: $52,142 annually

Salary Percent Change: None

Description: Renewal agreement for employment of Head Women's Softball Coach, Lori Cook, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive Change: n/a

Period: July 1, 2009 through June 30, 2012

FEES AND MISCELLANEOUS CHARGES

PARKING PERMIT FEES

Approval is recommended for the following parking permit fee to be effective beginning with the Fall Semester 2009. The proposed fee is consistent with the applicable statutory requirements under Section 54.505(b) of the *Texas Education Code* and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect this fee.

	Current Rate $	Proposed Rate $	Percent Increase
Other Classifications			
Daily Permit	2	3	50.00

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING AND TRAFFIC ENFORCEMENT FEES

Approval is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2009. The proposed fees are consistent with the applicable statutory requirements under Section 51.202 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect these fees.

Violation Description	Current Rates $	Proposed Rates $	Percent Increase
2005 Parked in a Garage-Reserved or Executive area without proper permit	100	75	(25.00)*
2006 Administrative Fee for the installation of an immobilization device	100	75	(25.00)*
3010 Willful avoidance of garage control mechanisms	0	50	n/a
4013 Parked in a controlled access garage without payment	0	25	n/a

*Fees are being reduced to bring the fees in line with benchmarks of other universities.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
College of Architecture		
Architecture		
John Murphy, Jr.	New Hire	Professor (T)
College of Business		
Information Systems		
Yoris Au	Assistant Professor (NT)	Associate Professor (T)
Myung Ko	Assistant Professor (NT)	Associate Professor (T)
John Warren	Assistant Professor (NT)	Associate Professor (T)
Management		
Stewart Miller	Assistant Professor (NT)	Associate Professor (T)
College of Education and Human Development		
Educational Leadership and Policy Studies		
Raymond Padilla	Professor (T)	Professor Emeritus (NT)
Health and Kinesiology		
Tammy Wyatt	Assistant Professor (NT)	Associate Professor (T)
Interdisciplinary Learning and Teaching		
Bertha Perez	Professor (T)	Professor Emeritus (NT)
College of Engineering		
Electrical and Computer Engineering		
David Akopian	Assistant Professor (NT)	Associate Professor (T)
College of Liberal and Fine Arts		
Communication		
Sara DeTurk	Assistant Professor (NT)	Associate Professor (T)
Christopher Hajek	Assistant Professor (NT)	Associate Professor (T)
Viviana Rojas	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Liberal and Fine Arts (Continued)		
History		
Rhonda Gonzales	Assistant Professor (NT)	Associate Professor (T)
Political Science and Geography		
Sharon Navarro	Assistant Professor (NT)	Associate Professor (T)
Boyka Stefanova	Assistant Professor (NT)	Associate Professor (T)
College of Sciences		
Biology		
Robert Smith	Professor (T)	Professor Emeritus (NT)
Yufeng Wang	Assistant Professor (NT)	Associate Professor (T)
Computer Science		
Ali Tosun	Assistant Professor (NT)	Associate Professor (T)
Shouhuai Xu	Assistant Professor (NT)	Associate Professor (T)
Geological Sciences	Assistant Professor (NT)	Associate Professor (T)
Judith Haschenburger	Assistant Professor (NT)	Associate Professor (T)
Matthew Wayner	Professor (T)	Professor Emeritus (NT)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	21	16	37	27
b.	To keep proper sequence	19	27	46	36
c.	New program	4	3	7	10
d.	Cross listed	28	23	51	44
e.	First time offered	2	5	7	11
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	8	4	12	4
	Subtotal	82	78	160	132
h.	Voluntarily offered	10	12	22	18
	Total	92	90	182	150
Semester Credit Hours generated in small classes		1,475	1,411	2,886	2,563
Percentage of Total Semester Credit Hours offered in small classes		0.49%	0.52%	0.50%	0.45%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	14	11	25	23
b. To keep proper sequence	9	12	21	14
c. New program	6	2	8	13
d. Cross listed	8	9	17	24
e. First time offered	8	7	15	12
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	1	1	3
Subtotal	45	42	87	89
h. Voluntarily offered	7	1	8	11
Total	52	43	95	100
Semester Credit Hours generated In small classes	401	370	771	848
Percentage of total Semester Credit Hours offered in small classes	1.74%	1.66%	1.70%	1.92%

U. T. TYLER

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
College of Arts and Sciences		
Communication		
Clair Brown	New Hire	Professor (T)
History		
Mary Linehan	New Hire	Associate Professor (T)
Alexis Serio	Assistant Professor (NT)	Associate Professor (T)
Literature and Languages		
Hui Wu	New Hire	Professor (T)
Music		
Michael Thrasher	New Hire	Associate Professor (T)
College of Business and Technology		
Business Administration		
D. Harold Doty	New Hire	Professor (T)
HRD and Technology		
Andrea Ellinger	New Hire	Professor (T)
College of Education and Psychology		
Education		
Teresa Kennedy	New Hire	Professor (T)
Psychology and Counseling		
Dennis Combs	Assistant Professor (NT)	Associate Professor (T)
College of Engineering and Computer Science		
Electrical Engineering		
Ron Pieper	Associate Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Nursing and Health Sciences		
Health and Kinesiology		
Scott Spier	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	33	26	59	52
b. To keep proper sequence	9	9	18	37
c. New program	0	0	0	5
d. Cross listed	0	0	0	3
e. First time offered	1	3	4	0
f. Accreditation or licensing standard	0	1	1	1
g. Limited facilities	1	6	7	10
Subtotal	44	45	89	108
h. Voluntarily offered	5	3	8	5
Total	49	48	97	113
Semester Credit Hours generated in small classes	735	709	1444	1788
Percentage of Total Semester Credit Hours offered in small classes	1.17%	1.24%	1.20%	1.46%

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	10	15	25	9
b. To keep proper sequence	2	1	3	1
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	3
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	12	16	28	13
h. Voluntarily offered	2	1	3	5
Total	14	17	31	18
Semester Credit Hours generated in small classes	99	168	267	149
Percentage of Total Semester Credit Hours offered in small classes	1.86%	3.32%	2.57%	1.40%

U. T. SOUTHWESTERN MEDICAL CENTER – DALLAS

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: CDM Management. Inc. dba First Step Learning Centre
   Funds: $2,048,003
   Period: September 1, 2009 through December 31, 2019 with the option to renew for two periods of sixty months
   Description: First Step Learning Center will lease 14,377 square feet located at 6303 Forest Park Road, #130A, Dallas, Texas, in order to provide day care services.

2. Agency: Children's Medical Center of Dallas
   Funds: $13,000,000
   Period: September 1, 2008 through August 31, 2009
   Description: U. T. Southwestern Medical Center – Dallas to provide physician services.

3. Agency: Lifecare Management Services, LLC
   Funds: $5,822,866
   Period: April 1, 2009 through June 30, 2014 with the option to renew for one time for two years
   Description: Lifecare Management Services will lease 85,214 square feet located at 6161 Harry Hines Boulevard, Dallas, Texas, in order to provide acute medical care services.

4. Agency: U. T. Southwestern Moncrief Cancer Center
   Funds: $3,386,527
   Period: September 1, 2009 through August 31, 2010
   Description: To provide professional and technical services.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
College of Biochemistry		
Biochemistry		
Wade Winkler	Assistant Professor (NT)	Associate Professor (T)
College of Development Biology		
Development Biology		
Qing Lu	Assistant Professor (NT)	Associate Professor (T)
College of Immunology		
Immunology		
Lora Hooper	Assistant Professor (NT)	Associate Professor (T)
College of Molecular Biology		
Molecular Biology		
Michelle Seidel	Assistant Professor (NT)	Associate Professor (T)
College of Neurology		
Neurology		
Olaf Stuve	Assistant Professor (NT)	Associate Professor (T)
College of Pharmacology		
Pharmacology		
Steven Altschuler	Assistant Professor (NT)	Associate Professor (T)
Lani Wu	Assistant Professor (NT)	Associate Professor (T)
Molecular Neuropharmacology		
Alfred Gilman	Professor (T)	Professor Emeritus (NT)
College of Physiology		
Physiology		
Joyce Repa	Assistant Professor (NT)	Associate Professor (T)
Lourdes Tansey	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
College of Psychiatry		
Psychiatry		
Amelia Eisch	Assistant Professor (NT)	Associate Professor (T)
Lisa Monteggia	Assistant Professor (NT)	Associate Professor (T)
College of Surgery		
Surgery		
Rolf Brekken	Assistant Professor (NT)	Associate Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the Texas Education Code and Section 5.26 of the Texas Higher Education Coordinating Board *Rules,* a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	8	11	19	11
b.	To keep proper sequence	0	0	0	0
c.	New program	0	0	0	0
d.	Cross listed	0	0	0	0
e.	First time offered	0	0	0	0
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	0	0	0	2
	Subtotal	8	11	19	13
h.	Voluntarily offered	0	0	0	5
	Total	8	11	19	18

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	36	7	43	8
b. To keep proper sequence	0	0	0	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	22	19	41	75
Subtotal	58	26	84	83
h. Voluntarily offered	0	0	0	19
Total	58	26	84	102

U. T. MEDICAL BRANCH – GALVESTON

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Health and Human Services Commission
   Funds: $5,120,328
   Period: June 15, 2009 through August 31, 2011
   Description: U. T. Medical Branch – Galveston will provide psychiatry care using telemedicine services to Medicaid eligible Texas children in currently underserved areas.

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

				Full-time Salary		
Description		Effective Date	% Time	No. Mos.	Rate $	RBC #
ACADEMIC ENTERPRISE						
Institute for Medical Humanities						
1.	Ronald A. Carson					3042
From:	Professor (T)		100	12	200,000	
To:	Professor Emeritus	4/1-8/31			0	

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	23	20	43	8
b.	To keep proper sequence	7	6	13	38
c.	New program	0	0	0	0
d.	Cross listed	0	0	0	0
e.	First time offered	0	1	1	0
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	0	0	0	0
	Subtotal	30	27	57	46
h.	Voluntarily offered	0	0	0	6
	Total	30	27	57	52

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	15	16	31	3
b. To keep proper sequence	11	15	26	41
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	1	0	1	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	27	31	58	45
h. Voluntarily offered	7	2	9	14
Total	34	33	67	59

U. T. HEALTH SCIENCE CENTER – HOUSTON

AMENDMENTS TO THE 2008-09 BUDGET

TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	$ Amount	RBC #
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION ALLOCATION (LERR)		
1. Amount of Transfer:	282,000	3170

From: 09-02 and Library, Equipment, Repair and Rehabilitation DM 09-01

To: High Voltage Electrical Isolation Switch Project at University Center Tower building in the Texas Medical Center

Transfer surplus funds from two previously approved LERR projects for emergency generators to a new project to address a high voltage electrical switch that serves the University Center Tower.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
Dental Branch		
Diagnostic Sciences		
Charles F. Streckfus	Professor (NT)	Professor (T)
School of Health Information Sciences		
Ananth Annapragada	Associate Professor (NT)	Associate Professor (T)
Vittorio Cristini	Associate Professor (NT)	Professor (T)
David J. States	New Hire	Professor (T)
School of Public Health		
Health Promotion and Behavioral Sciences		
L. Kay Bartholomew	Associate Professor (NT)	Associate Professor (T)
Maria E. Fernandez	Assistant Professor (NT)	Associate Professor (T)
Sheryl A. McCurdy	Assistant Professor (NT)	Associate Professor (T)
Epidemiology and Disease Control		
Xianglin L. Du	Associate Professor (NT)	Associate Professor (T)
Mohammad Hossein Rahbar	Professor (NT)	Professor (T)
Environmental and Occupational Health Sciences		
Kristina D. Mena	Assistant Professor (NT)	Associate Professor (T)
Division of Biostatistics		
Barbara C. Tilley	New Hire	Professor (T)
Medical School		
Microbiology and Molecular Genetics		
Ambro van Hoof	Assistant Professor (NT)	Associate Professor (T)
Hung Ton-That	New Hire	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
Medical School (Continued)		
Internal Medicine		
Donald A. Molony, Jr.	Professor (NT)	Professor (T)
Kevin W. Finkel	Professor (NT)	Professor (T)
Pediatrics		
Michael J. Gambello	Assistant Professor (NT)	Associate Professor (T)
Pathology and Laboratory Medicine		
Robert E. Brown	Professor (NT)	Professor (T)
Neurobiology and Anatomy		
Valentin Dragoi	Assistant Professor (NT)	Associate Professor (T)
Biochemistry and Molecular Biology		
Yang Xia	Assistant Professor (NT)	Associate Professor (T)

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Mr. Roberts with The University of Texas Health Science Center at Houston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.	Name:	Wayne R. Roberts
	Title:	Associate Vice President for Public Policy
	Position:	Member of State Pension Review Board
	Period:	May 6, 2009 through January 31, 2015
	Compensation:	None
	Description:	Governor Perry has appointed Wayne R. Roberts to the State Pension Review Board. The Board's mission is to oversee all Texas public retirement systems in regard to their actuarial soundness and compliance with State law. The Board provides information and recommendations to ensure that public retirement systems are financially sound, benefits are equitable, the systems are properly managed, and tax expenditures for employee benefits are kept to a minimum while still providing for those employees.

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

Organized Undergraduate Classes with
Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	2	4	6	18
b.	To keep proper sequence	12	12	24	6
c.	New program	0	0	0	0
d.	Cross listed	0	0	0	0
e.	First time offered	0	0	0	0
f.	Accreditation or licensing standard	3	4	7	0
g.	Limited facilities	0	0	0	4
	Subtotal	17	20	37	28
h.	Voluntarily offered	1	0	1	4
	Total	18	20	38	32

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	14	13	27	56
b. To keep proper sequence	10	12	22	61
c. New program	0	0	0	18
d. Cross listed	5	4	9	6
e. First time offered	10	13	23	11
f. Accreditation or licensing standard	5	6	11	17
g. Limited facilities	5	5	10	3
Subtotal	49	53	102	173
h. Voluntarily offered	12	18	30	35
Total	61	71	132	208

U. T. HEALTH SCIENCE CENTER – SAN ANTONIO

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1.	Agency:	Astro Vending of Laredo, Inc. by and through its Canteen Vending Services Division
	Funds:	$1,000
	Period:	August 13, 2009 through August 31, 2011
	Description:	Astro Vending of Laredo, Inc. by and through its Canteen Vending Services Division agrees to furnish and service food and beverage vending machines on the D. D. Hachar Building and Academic Building Laredo Campus Extension, 1939 Bustamante Street, Laredo, Texas. *Texas Government Code*, Section 2203.05 states that a vending machine may be located in a state-owned building or property only with approval of the governing board. The University also complied with its *Handbook of Operating Procedures* Chapter 6.2.7 titled *University Vending Service* involving any required faculty, staff, and student input.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the *Rules and Regulations,* Rules 10501 and 20201 and *Texas Education Code,* Section 51.948*.*

1. Item: President

   Funds: $590,877 annually (additional $100,000 deferred compensation)

   Period: Beginning June 19, 2009

   Description: Agreement for employment of William L. Henrich, M.D., M.A.C.P., as President of The University of Texas Health Science Center at San Antonio. The President reports to the Chancellor and the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term subject to the pleasure of the Chancellor. In additional to base salary and deferred compensation, Dr. Henrich will receive approximately $159,123 as a supplement from practice plan funds contingent on availability of funds. Other elements of compensation include the cost of club memberships approved by the Executive Vice Chancellor for Health Affairs, other official entertainment expenses, and out-of-pocket expenses for official travel in accordance with the Regents' *Rules and Regulations*. During his presidency, Dr. Henrich's appointment as Professor, with tenure, in the School of Medicine at U. T. Health Science Center – San Antonio is without compensation.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the *Regents' Rules and Regulations,* Rule 31007.

College, Department, and Name	From	To
School of Allied Health Sciences		
Clinical Lab Science		
Reto Asmis	Associate Professor (NT)	Professor (T)
Dental Hygiene		
Mary Jacks	Assistant Professor (NT)	Associate Professor (T)
Physical Therapy		
Catherine Ortega	Assistant Professor (NT)	Associate Professor (T)
Graduate School of Biomedical Sciences		
Cellular and Structural Biology		
Yidong Bai	Assistant Professor (NT)	Associate Professor (T)
Babatunde Ovajobi	Assistant Professor (NT)	Associate Professor (T)
Microbiology and Immunology		
Peter Dube	Assistant Professor (NT)	Associate Professor (T)
Pathology		
Xin-Yun Lu	Assistant Professor (NT)	Associate Professor (T)
Dental School		
General Dentistry		
David M. Bohnenkamp	Assistant Professor (NT)	Associate Professor (T)
Mary Norma Partida	Assistant Professor (NT)	Associate Professor (T)
Restorative Dentistry		
Kevin M. Gureckis	Assistant Professor (NT)	Associate Professor (T)
Epidemiology and Biostatistics		
John E. Cornell	Professor (NT)	Professor (T)
Medicine		
Franco Folli	Associate Professor (NT)	Professor (T)
Christopher Jenkinson	Associate Professor (NT)	Professor (T)
Lucy K. Leykum	Assistant Professor (NT)	Associate Professor (T)
Merry Lindsey	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
School of Medicine		
Obstetrics and Gynecology		
Kristen A. Plastino	Assistant Professor (NT)	Associate Professor (T)
Ophthalmology		
Daniel A. Johnson	Assistant Professor (NT)	Associate Professor (T)
Pediatrics		
Shamimunisa Mustafa	Assistant Professor (NT)	Associate Professor (T)
Psychiatry		
Robin C. Hilsabeck	Assistant Professor (NT)	Associate Professor (T)
Wouter Koek	Associate Professor (NT)	Professor (T)
Alan L. Peterson	Professor (NT)	Professor (T)
Radiology		
Darlene Metter	Assistant Professor (NT)	Professor (T)
Urology		
Stephen R. Kraus	Associate Professor (NT)	Professor (T)

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Health Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	4	4	8	28
b.	To keep proper sequence	1	4	5	9
c.	New program	0	0	0	0
d.	Cross listed	0	3	3	6
e.	First time offered	0	0	0	1
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	0	3	3	1
	Subtotal	5	14	19	45
h.	Voluntarily offered	8	4	12	15
	Total	13	18	31	60

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009 (CONTINUED)

Organized Graduate Classes with Fewer than 5 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	8	12	20	33
b.	To keep proper sequence	9	15	24	21
c.	New program	2	3	5	0
d.	Cross listed	3	0	3	3
e.	First time offered	3	0	3	0
f.	Accreditation or licensing standard	0	0	0	2
g.	Limited facilities	1	2	3	11
	Subtotal	26	32	58	70
h.	Voluntarily offered	10	7	17	17
	Total	36	39	75	87

U. T. M. D. ANDERSON CANCER CENTER

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: State of Louisiana
   Funds: Estimated payment with renewals is $6,500,000
   Period: July 1, 2009 through June 30, 2012
   Description: Provider reimbursement agreements for physician and hospital services.

FUNDS GOING OUT

2. Agency: BRSI, L. P. dba Benefit Recovery
   Funds: Estimated payment with renewals is $2,000,000
   Period: October 21, 2008 through October 20, 2009 Agreement may be renewed for up to three additional 12-month periods.
   Description: Vendor will accept all unpaid professional insurance claims that the Institution chooses to refer for collection. Vendor will provide all personnel and expenses necessary to perform insurance recovery services in compliance with all applicable laws, and will provide the Institution with required reports and information regarding insurance recovery services.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

3. Agency: AvandteUSA, LTD
   Funds: Estimated payment with renewals is $2,000,000
   Period: October 21, 2008 through October 20, 2009
   Agreement may be renewed for up to three additional 12-month periods.
   Description: Vendor will accept all unpaid professional insurance claims that the Institution chooses to refer for collection. Vendor will provide all personnel and expenses necessary to perform insurance recovery services in compliance with all applicable laws, and will provide the Institution with required reports and information regarding insurance recovery services.

4. Agency: Healthcare Realty Services Incorporated
   Funds: Approximately $1,664,100 in base rent plus proportionate share of operating expenses
   Period: January 1, 2009 through December 31, 2013
   Description: Space lease agreement for U. T. M. D. Anderson Cancer Center to lease approximately 11,491 square feet of additional rentable office space in the Greenpark One Medical Professional Building located at 7515 South Main, Houston, Texas.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

5. Agency: St. Luke's Episcopal Properties Corporation
   Funds: Approximately $16,000,000 in base rent plus proportionate share of operating expenses.
   Period: The term of the first amendment (for radiation oncology services) is approximately 38 months, beginning upon substantial completion, estimated to be February 1, 2010. The term of the second amendment (for medical oncology services) is for 120 months, beginning upon substantial completion, estimated to be February 1, 2010.
   Description: Two amendments to a space lease agreement for U. T. M. D. Anderson Cancer Center to lease an additional approximately 7,113 square feet of net rentable area for radiation oncology services and an additional 10,549 square feet of net rentable area for medical oncology services in a medical office building located at 17198 St. Luke's Way, The Woodlands, Texas, to provide technical and/or professional radiation oncology services or medical oncology services and associated incidental services and supporting office activities. The original contract was approved by the Board on May 8, 2003.

6. Agency: Elgee Associates
   Funds: Approximately $2,422,920 in base rent. Rent for the first year of the agreement will be $484,584. Rent in subsequent years may be adjusted with the maximum allowance determined by a specific formula related to the Consumer Price Index.
   Period: September 1, 2009 through August 31, 2014 Agreement may be renewed for one additional 5-year period.
   Description: A space lease agreement for U. T. M. D. Anderson Cancer Center to lease approximately 100,955 square feet of office space located at 3111-3115 Corder Street, Houston, Texas.

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the *Regents' Rules and Regulations,* Rule 31007*.*

College, Department, and Name	From	To
Pediatrics		
Peter Anderson	Professor (NT)	Professor (T)
Breast Medical Oncology		
Banu K. Arun	Associate Professor (NT)	Associate Professor (T)
Massimo Cristofanilli	Associate Professor (NT)	Associate Professor (T)
Ana Maria Gonzalez-Angulo	Assistant Professor (NT)	Associate Professor (T)
GI Medical Oncology		
James C. Yao	Associate Professor (NT)	Associate Professor (T)
Gynecologic Oncology		
Jubilee Brown	Assistant Professor (NT)	Associate Professor (T)
Radiation Physics		
Firas Mourtada	Assistant Professor (NT)	Associate Professor (T)
Wayne D. Newhauser	Assistant Professor (NT)	Associate Professor (T)
Biomedical and Molecular Biology		
Shinako Takada	Assistant Professor (NT)	Associate Professor (T)
Biostatistics		
Jianhua Hu	Assistant Professor (NT)	Associate Professor (T)
Hematopathology		
Jeffrey L. Jorgensen	Assistant Professor (NT)	Associate Professor (T)
Systems Biology		
Prahlad Ram	Assistant Professor (NT)	Associate Professor (T)
Shiaw-Yih Lin	Assistant Professor (NT)	Associate Professor (T)
Clinical Cancer Prevention		
Abenaa Brewster	Assistant Professor (NT)	Associate Professor (T)

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)

College, Department, and Name	From	To
Thoracic/Head and Neck Medical Oncology		
John Victor Heymach	Assistant Professor (NT)	Associate Professor (T)
Edward Kim	Assistant Professor (NT)	Associate Professor (T)
Leukemia		
Marina Konopleva	Assistant Professor (NT)	Associate Professor (T)
Lymphoma and Myeloma		
Luhua Wang	Assistant Professor (NT)	Associate Professor (T)
Surgical Oncology		
Nancy Dugal Perrier	Associate Professor (NT)	Professor (T)
Radiation Oncology		
Christopher Crane	Associate Professor (NT)	Professor (T)

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Foxhall with The University of Texas at M. D. Anderson Cancer Center. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.	Name:	Lewis E. Foxhall, M.D.
	Title:	Vice President and Associate Professor
	Position:	Member, State Health Services Council
	Period:	May 4, 2009 through February 1, 2015
	Compensation:	None
	Description:	Governor Perry has reappointed Dr. Foxhall to the State Health Services Council. The Council makes recommendations regarding the management, operation, policies, and rules for public health, mental health, and substance abuse.

SMALL CLASS REPORT, FALL 2008 AND SPRING 2009

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching		Fall	Spring	Total	Prior Year Total
a.	Required for graduation	5	4	9	38
b.	To keep proper sequence	0	0	0	0
c.	New program	0	0	0	0
d.	Cross listed	0	0	0	0
e.	First time offered	0	0	0	0
f.	Accreditation or licensing standard	0	0	0	0
g.	Limited facilities	0	0	0	0
	Subtotal	5	4	9	38
h.	Voluntarily offered	0	0	0	0
	Total	5	4	9	38

Note: U. T. M. D. Anderson Cancer Center does not teach classes with fewer than five students.